AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 17, 1998
REGISTRATION NO. 333-[ ]

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

<TABLE>
<S> <C>
MACK-CALI REALTY CORPORATION MACK-CALI REALTY, L.P.

(Exact names of registrants as specified in their respective governing documents)
MARYLAND DELAWARE
</TABLE>

<TABLE>
<S> <C>
(State or other jurisdictions of incorporation or organization of each registrant)
22-3305147 22-3315804
(I.R.S. Employer Identification No.) (I.R.S. Employer Identification No.)
</TABLE>

<TABLE>
<S> <C>
11 COMMERCE DRIVE
CRANFORD, NEW JERSEY 07016
(908) 272-8000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF PRINCIPAL EXECUTIVE OFFICES)

MR. THOMAS A. RIZK
CHIEF EXECUTIVE OFFICER
MACK-CALI REALTY CORPORATION
11 COMMERCE DRIVE
CRANFORD, NEW JERSEY 07016
(908) 272-8000
(908) 272-6755 (FACSIMILE)
(NAME AND ADDRESS OF AGENT FOR SERVICE)
</TABLE>

COPIES TO:

JONATHAN A. BERNSTEIN, ESQ.

BLAKE HORNICK, ESQ.

PRYOR CASHMAN SHERMAN & FLYNN LLP

410 PARK AVENUE

NEW YORK, NEW YORK 10022

(212) 421-4100

(212) 326-0806 (FACSIMILE)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as possible after the Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box. / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the Prospectus is expected to be made pursuant to Rule 434, check the following box. / /

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

TITLE OF SHARES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)
<S>	<C>
Preferred Stock(2)	(8)
Depositary Shares(3)	(8)
Guarantees(4)	(8)
Debt Securities(5)	(8)
Total	$2,000,000,000(6)

<CAPTION>

TITLE OF SHARES TO BE REGISTERED	AMOUNT OF REGISTRATION FEE
<S>	<C>
Preferred Stock(2)	N/A
Depositary Shares(3)	N/A
Guarantees(4)	N/A
Debt Securities(5)	N/A
Total	$590,000(7)

</TABLE>

(1) Estimated solely for the purpose of calculating the registration fee and exclusive of accrued interest, if any.

(2) There are being registered an indeterminate number of shares of Preferred Stock, as may be sold, from time to time, by Mack-Cali Realty Corporation (the "Company").

(3) To be represented by Depositary Receipts representing an interest in all or a specified portion of a share of Preferred Stock.

(4) Debt Securities issued by Mack-Cali Realty, L.P. (the "Operating Partnership") may be accompanied by a Guarantee to be issued by the Company. No separate consideration will be received for any Guarantee.

(5) There are being registered hereunder an indeterminate amount of non-convertible debt securities to be issued by the Operating Partnership as may be sold, from time to time, by the Operating Partnership.

(6) Or an equivalent amount in another currency or currencies or as determined by reference to an index or, if the securities are to be offered at a discount, the approximate proceeds to the Registrants.

(7) Calculated in accordance with Rule 457(o) under the Securities Act of 1933.

(8) Not specified as to each class of securities to be registered, pursuant to General Instruction II.D of Form S-3 under the Securities Act of 1933.

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION ACTING PURSUANT TO SAID SECTION 8(A) MAY DETERMINE.

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EXPLANATORY NOTE

This Registration Statement relates to securities which may be offered from time to time by Mack-Cali Realty Corporation (the "Company") and Mack-Cali Realty, L.P., a majority-owned subsidiary of the Company (the "Operating Partnership"). This Registration Statement contains a form of basic prospectus (the "Basic Prospectus") relating to both the Company and the Operating Partnership which will be used in connection with an offering of securities by the Company or the Operating Partnership. The specific terms of the securities to be offered will be set forth in a Prospectus Supplement relating to such securities. To the extent securities of the Operating Partnership, which are limited to unsecured nonconvertible debt securities, are offered pursuant to the

enclosed Basic Prospectus, the Basic Prospectus will include the financial statements, together with notes and schedules of the Operating Partnership set forth on pages F-1 through F-43 of the Basic Prospectus.

SUBJECT TO COMPLETION, DATED JUNE , 1998

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS

$2,000,000,000

MACK-CALI REALTY CORPORATION

PREFERRED STOCK AND DEPOSITARY SHARES

MACK-CALI REALTY, L.P.

DEBT SECURITIES

Mack-Cali Realty Corporation (the "Company") may from time to time offer in one or more series (i) shares or fractional shares of its preferred stock, par value $.01 per share (the "Preferred Stock") or (ii) shares of Preferred Stock represented by depositary shares (the "Depositary Shares"). Mack-Cali Realty, L.P. (the "Operating Partnership") may from time to time offer in one or more series unsecured non-convertible debt securities (the "Debt Securities"). The Preferred Stock, Depositary Shares and Debt Securities (collectively, the "Offered Securities") have an aggregate initial public offering price of up to $2,000,000,000 (or its equivalent in another currency based on the exchange rate at the time of sale) in amounts, at prices and on terms to be determined at the time of the offering and may be offered, separately or together, in separate series in amounts, at prices and on terms to be set forth in a supplement to this Prospectus (each a "Prospectus Supplement"). If any Debt Securities issued by the Operating Partnership are rated below investment grade at the time of issuance, such Debt Securities will be fully and unconditionally guaranteed by the Company as to payment of principal, premium, if any, and interest (the "Guarantees").

The specific terms of the Offered Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and will include, where applicable: (i) in the case of Preferred Stock, the specific title and stated value, any dividend, liquidation, redemption, conversion, voting and other rights and any initial public offering price; (ii) in the case of Depositary Shares, the fractional share of Preferred Stock represented by each such Depositary Share; and (iii) in the case of Debt Securities, the specific title, aggregate principal amount, currency, form (which may be registered or bearer, or certificated or global), authorized denominations, maturity, rate (or manner of calculation thereof) and time of payment of interest, terms for redemption at the option of the holder, terms for sinking fund payments, covenants, applicability of any Guarantees and any initial public offering price. In addition, such specific terms may include limitations on direct or beneficial ownership and restrictions on transfer of the Offered Securities, in each case as may be appropriate to preserve the status of the Company as a real estate investment trust ("REIT") for United States federal income tax purposes. See "Restrictions on Ownership of Capital Stock."

The applicable Prospectus Supplement will also contain information, where applicable, about certain United States federal income tax considerations relating to, and any listing on a securities exchange of, the Offered Securities covered by such Prospectus Supplement.

The Offered Securities may be offered directly, through agents designated from time to time by the Company, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of the Offered Securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in the applicable Prospectus Supplement. See "Plan of Distribution." No Offered Securities may be sold without delivery of the applicable Prospectus Supplement describing the method and terms of the offering of such series of Offered Securities.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS

UNLAWFUL.

The date of this Prospectus is , 1998.

AVAILABLE INFORMATION

The Company is, and upon effectiveness of the registration statement of which this Prospectus is a part (the "Registration Statement"), the Operating Partnership will be, subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith the Company files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission") and the Operating Partnership will file reports with the Commission. The Registration Statement, the exhibits and schedules forming a part thereof and such reports, proxy statements and other information can be inspected and copied at the Commission's public reference section, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the following regional offices of the Commission: Seven World Trade Center, 13th Floor, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can also be obtained at prescribed rates by writing to the public reference section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's Web site is: http://www.sec.gov. In addition, the Company's common stock, par value $.01 per share (the "Common Stock") is listed on the New York Stock Exchange (the "NYSE"), under the symbol "CLI," and the Pacific Exchange, and similar information concerning the Company can be inspected and copied at the offices of the NYSE, 20 Broad Street, New York, New York 10005, and the Pacific Exchange, 301 Pine Street, San Francisco, California 94104.

The Company and the Operating Partnership have filed with the Commission the Registration Statement (of which this Prospectus is a part) under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Offered Securities. This Prospectus does not contain all of the information set forth in the Registration Statement, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. Statements contained in this Prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference and the exhibits and schedules thereto. For further information regarding the Company and the Offered Securities, reference is hereby made to the Registration Statement and such exhibits and schedules which may be obtained from the Commission at its principal office in Washington, D.C. upon payment of the fees prescribed by the Commission.

EXPLANATORY NOTE

The Company conducts substantially all of its operations through, and substantially all of its properties are held directly or indirectly by, the Operating Partnership. Accordingly, information incorporated by reference herein from certain documents filed with the Commission by the Company is applicable to the Operating Partnership. To the extent that information incorporated by reference from such documents is inapplicable to the Operating Partnership, appropriate disclosure is included herein.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The documents listed below have been filed by the Company (File No. 1-13274) under the Exchange Act with the Commission and are incorporated herein by reference:

a. The Company's Annual Report on Form 10-K (File No. 1-13274) for the fiscal year ended December 31, 1997;

b. The Company's Quarterly Report on Form 10-Q (File No. 1-13274) for the fiscal quarter ended March 31, 1998;

c. The Company's Current Reports on Form 8-K and Form 8-K/A (File No. 1-13274), dated September 18, 1997, September 19, 1997, December 11, 1997, January 16, 1998 and June 12, 1998;

d. The Company's Proxy Statements relating to the Special Meeting of Shareholders held on December 11, 1997 and the Annual Meeting of Shareholders on May 21, 1998; and

e. The description of the Common Stock and the description of certain provisions of Maryland Law and the Company's Articles of Incorporation and Bylaws, both contained in the Company's Registration Statement on Form 8-A, dated August 9, 1994.

All documents filed by the Company or the Operating Partnership pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Offered

Securities shall be deemed to be incorporated by reference in this Prospectus and to be part hereof from the date of filing such documents (provided, however, that the information referred to in Item 402(a)(8) of Regulation S-K of the Commission shall not be deemed specifically incorporated by reference herein).

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein (or in the applicable Prospectus Supplement) or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of all documents which are incorporated herein by reference (not including the exhibits to such information, unless such exhibits are specifically incorporated by reference in such information) will be provided without charge to each person, including any beneficial owner of the Offered Securities, to whom this Prospectus is delivered, upon written or oral request. Requests should be made to Barry Lefkowitz, Executive Vice President and Chief Financial Officer of the Company, 11 Commerce Drive, Cranford, New Jersey 07016-3510 (telephone number: (908) 272-8000).

THE COMPANY AND THE OPERATING PARTNERSHIP

Mack-Cali Realty Corporation (together with its subsidiaries, the "Company") is a fully-integrated real estate investment trust ("REIT") that owns and operates a portfolio comprised primarily of Class A office and office/flex buildings, as well as commercial real estate leasing, management, acquisition, development and construction businesses. As of June 1, 1998, the Company owned and operated 234 properties, aggregating approximately 26.3 million square feet (collectively, the "Properties"). The Properties are comprised of 222 office and office/flex buildings totaling approximately 25.9 million square feet (the "Office Properties" and "Office/Flex Properties," respectively), six industrial/warehouse properties containing an aggregate of approximately 400,000 square feet (the "Industrial/Warehouse Properties"), two multi-family residential properties, two stand-alone retail properties and two land leases. The 222 Office and Office/Flex Properties are comprised of 146 office buildings containing an aggregate of 22.1 million square feet (the "Office Properties") and 76 office/flex buildings containing an aggregate of approximately 3.8 million square feet (the "Office/Flex Properties"). The Company believes that its Properties have excellent locations and access and are well-maintained and professionally managed. As a result, the Company believes that its Properties attract high quality tenants and achieve among the highest rental, occupancy and tenant retention rates within their markets.

The Company's strategy has been to focus its development and ownership of office properties in sub-markets where it is, or can become, a significant and preferred owner and operator. The Company will continue this strategy by expanding, primarily through acquisitions, initially into sub-markets where it has, or can achieve, similar status. Management believes that the recent trend towards increasing rental and occupancy rates in office buildings in the Company's sub-markets continues to present significant opportunities for growth. The Company may also develop properties in such sub-markets, particularly with a view towards potential utilization of certain vacant land recently acquired or on which the Company holds options. Management believes that its extensive market knowledge provides the Company with a significant competitive advantage which is further enhanced by its strong reputation for and emphasis on delivering highly responsive management services, including direct and continued access to the Company's senior management. The Company performs substantially all construction, leasing, management and tenant improvements on an "in-house" basis and is self-administered and self-managed. As of June 1, 1998, the Company had over 300 employees.

Cali Associates, the entity to whose business the Company succeeded in 1994, was founded by John J. Cali, Angelo R. Cali and Edward Leshowitz (the "Founders") who have been involved in the development, leasing, management, operation and disposition of commercial and residential properties in Northern and Central New Jersey for over 40 years and have been primarily focusing on office buildings for the past fifteen years. In addition to the Founders, the Company's executive officers generally have been employed by the Company and its predecessor for an average of approximately 10 years. The Company and its predecessor have built approximately four million square feet of office space, more than one million square feet of industrial facilities and over 5,500 residential units.

The Company has elected to be taxed as a REIT for federal income tax purposes and expects to continue to elect such status. Although the Company believes that it was organized and has been operating in conformity with the requirements for qualification under the Internal Revenue Code of 1986, as amended (the "Code"), no assurance can be given that the Company will continue to qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions of which there are only limited judicial or administrative interpretations. If in any taxable year the Company were to

fail to qualify as a REIT, the Company would not be allowed a deduction for distributions to stockholders in computing taxable income and would be subject to federal taxation at regular corporate rates. As a result, such a failure would adversely affect the Company's ability to make distributions to its stockholders and could have an adverse affect on the market value and marketability of the Common Stock.

To ensure that the Company qualifies as a REIT, the transfer of shares of capital stock of the Company, including the Preferred Stock, is subject to certain restrictions, and ownership of capital stock by any single person is limited to 9.8% of the value of such capital stock, subject to certain exceptions. The Company's Articles of Incorporation provide that any purported transfer in violation of the above-described ownership limitations shall be void AB INITIO.

Substantially all of the Company's interests in the Properties are held by, and its operations are conducted through, the Operating Partnership, or by entities controlled by the Operating Partnership. As of June 1, 1998, the Company was the beneficial owner of approximately 89.3% of the Operating Partnership and is its sole general partner. As used herein, the term "Units" refers to limited partnership interests in the Operating Partnership.

The Company, a Maryland corporation, was incorporated in 1994. The Operating Partnership is a Delaware limited partnership formed in 1994. The executive offices of both the Operating Partnership and the Company are located at 11 Commerce Drive, Cranford, New Jersey 07016, and their telephone number is (908) 272-8000. The Company has an internet Web address at "http://www.mack-cali.com."

RATIOS OF EARNINGS TO FIXED CHARGES

The following tables set forth the Company's ratios of earnings to fixed charges for the periods shown (dollars in thousands):

<TABLE>
<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31, 1998	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE YEAR ENDED DECEMBER 31, 1996	FOR THE YEAR ENDED DECEMBER 31, 1995	FOR THE PERIOD AUGUST 31, 1994 TO DECEMBER 31, 1994
<S>	<C>	<C>	<C>	<C>
2.31x	1.08x	3.26x	2.69x	3.13x

</TABLE>

The following tables set forth the amounts by which the Company's predecessor's earnings were inadequate to cover fixed charges:

<TABLE>
<CAPTION>

FOR THE PERIOD JANUARY 1, 1994 TO AUGUST 30, 1994	FOR THE YEAR ENDED DECEMBER 31, 1993
<S>	<C>
$ (110)	$ (1,064)

</TABLE>

The following tables set forth the Operating Partnership's ratios of earnings to fixed charges for the periods shown (dollars in thousands):

<TABLE>
<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31, 1998	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE YEAR ENDED DECEMBER 31, 1996	FOR THE YEAR ENDED DECEMBER 31, 1995	FOR THE PERIOD AUGUST 31, 1994 TO DECEMBER 31, 1994
<S>	<C>	<C>	<C>	<C>
2.80x	1.89x	3.26x	2.69x	3.13x

</TABLE>

The following tables set forth the amounts by which the Operating Partnership's predecessor's earnings were inadequate to cover fixed charges:

<TABLE>
<CAPTION>

FOR THE PERIOD JANUARY 1, 1994 TO AUGUST 30, 1994	FOR THE YEAR ENDED DECEMBER 31, 1993
<S>	<C>
$ (110)	$ (1,064)

</TABLE>

The ratios of earnings to fixed charges were computed by dividing earnings before fixed charges by fixed charges. For this purpose, earnings consist of

pre-tax income (loss) from continuing operations,

before gain on sale of property and minority interest plus fixed charges excluding capitalized interest, preferred unit distributions and beneficial conversion feature. Fixed charges consist of interest costs, both expensed and capitalized, debt issuance costs and the interest portion of ground rents on land leases. Fixed charges for the Company also include preferred unit distributions and beneficial conversion feature. To date, the Company has not issued any Preferred Stock, therefore, the ratios of earnings to combined fixed charges and preferred stock dividend requirements are the same as the ratios of earnings to fixed charges presented above. For the year ended December 31, 1996, the calculation of the ratio of earnings to fixed charges excludes a gain on sale of rental property of $5,658. The ratio of earnings to fixed charges, including gain on sale of rental property, for the same period was 3.67x.

The following tables set forth the Operating Partnership's ratios of earnings to combined fixed charges and preferred unit distribution requirement for the periods shown (dollars in thousands):

<TABLE>
<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31, 1998	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE YEAR ENDED DECEMBER 31, 1996	FOR THE YEAR ENDED DECEMBER 31, 1995	FOR THE PERIOD AUGUST 31, 1994 TO DECEMBER 31, 1994
<S>	<C>	<C>	<C>	<C>
2.31x	1.08x	3.26x	2.69x	3.13x

</TABLE>

The following tables set forth the amounts by which the Operating Partnership's predecessor's earnings were inadequate to cover fixed charges:

<TABLE>
<CAPTION>

FOR THE PERIOD JANUARY 1, 1994 TO AUGUST 30, 1994	FOR THE YEAR ENDED DECEMBER 31, 1993
<S>	<C>
$ (110)	$ (1,064)

</TABLE>

The Operating Partnership's ratios of earnings to combined fixed charges and preferred unit distribution requirement were computed by dividing earnings before fixed charges and preferred unit distributions and beneficial conversion feature by fixed charges and preferred unit distributions and beneficial conversion feature. For this purpose, earnings consist of pre-tax income (loss) from continuing operations before gain on sale of property and preferred unit distributions and beneficial conversion feature plus fixed charges excluding capitalized interest. Fixed charges consist of interest costs, both expensed and capitalized, debt issuance costs and the interest portion of ground rents on land leases. For the year ended December 31, 1996, the calculation of the ratio of earnings to combined fixed charges and preferred unit distribution requirement excludes a gain on sale of rental property of $5,658. The ratio of earnings to combined fixed charges and preferred unit distribution requirement, including gain on sale of rental property, for the same period was 3.67x.

USE OF PROCEEDS

The Company is required by the terms of the Amended and Restated Agreement of Limited Partnership of the Operating Partnership to invest the net proceeds of any sale of Common Stock or Preferred Stock in the Operating Partnership in exchange for additional Units. Unless otherwise described in the applicable Prospectus Supplement, the Company and the Operating Partnership intend to use the net proceeds from the sale of any Offered Securities for general business purposes, including the leasing, management, acquisition, development and construction of office, office/flex, industrial/warehouse, multi-family residential or other properties as suitable opportunities arise, the expansion and improvement of certain properties in the Company's portfolio, and the repayment of indebtedness.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Indenture under which the Debt Securities are to be issued. The particular terms of the Debt Securities will be set forth in a Prospectus Supplement relating to such Debt Securities.

The Debt Securities are to be issued under an Indenture, as amended or supplemented from time to time (the "Indenture"), between the Operating Partnership and a Trustee chosen by the Operating Partnership and qualified to act as such under the Trust Indenture Act of 1939 as amended (the "TIA") (together with any other trustee(s) appointed in a supplemental indenture with

respect to a particular series, the "Trustee"). The Indenture has been filed as an exhibit to the Registration Statement of which this Prospectus is a part and will be available for inspection at the corporate trust office of the Trustee, or as described above under "Available Information." The Indenture is subject to, and governed by, the TIA. The Operating Partnership will execute the Indenture if and when the Operating Partnership issues the Debt Securities. The statements made hereunder relating to the Indenture and the Debt Securities to be issued hereunder are summaries of certain provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the Indenture and such Debt Securities. All section references appearing herein are to sections of the Indenture, and capitalized terms used but not defined herein shall have the respective meanings set forth in the Indenture.

GENERAL

The Debt Securities will be direct, unsecured obligations of the Operating Partnership. Except for any series of Debt Securities which is specifically subordinated to other indebtedness of the Operating Partnership, the Debt Securities will rank equally with all other unsecured and unsubordinated indebtedness of the Operating Partnership. Under the Indenture, the Debt Securities may be issued without limit as to aggregate principal amount, in one or more series, in each case as established from time to time in or pursuant to authority granted by a resolution of the Board of Directors of the Company as sole general partner of the Operating Partnership or as established in one or more indentures supplemental to the Indenture. All Debt Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders of the Debt Securities of such series, for issuances of additional Debt Securities of such series (Section 301).

If any Debt Securities are rated below investment grade at the time of issuance, such Debt Securities will be fully and unconditionally guaranteed by the Company as to payment of principal, premium, if any, and interest.

The Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more series of Debt Securities. Any Trustee under the Indenture may resign or be removed with respect to one or more series of Debt Securities, and a successor Trustee may be appointed to act with respect to such series (Section 608). In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities, each such Trustee shall be a trustee of a trust under the Indenture separate and apart from the trust administered by any other Trustee (Section 609), and, except as otherwise indicated herein, any action described herein to be taken by the Trustee may be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee under the Indenture.

TERMS

Reference is made is to the Prospectus Supplement relating to the series of Debt Securities being offered for the specific terms thereof, including:

(1) the title of such Debt Securities;

(2) the aggregate principal amount of such Debt Securities and any limit on such aggregate principal amount;

(3) the percentage of the principal amount at which such Debt Securities will be issued and, if other than the principal amount thereof the portion of the principal amount thereof, payable upon declaration of acceleration of the maturity thereof;

(4) the date or dates, or the method for determining such date or dates, on which the principal of such Debt Securities will be payable;

(5) the rate or rates (which may be fixed or variable), or the method by which such rate or rates shall be determined, at which such Debt Securities will bear interest, if any;

(6) the date or dates, or the method for determining such date or dates, from which any such interest will accrue, the Interest Payment Dates on which any such interest will be payable, the Regular Record Dates for such Interest Payment Dates, or the method by which such Dates shall be determined, the Person to whom such interest shall be payable, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(7) the place or places where (i) the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable and (ii) notices or demands to or upon the Operating Partnership in respect of such Debt Securities and the Indenture may be served;

(8) the period or periods within which, or the date or dates on which, the price or prices at which and the terms and conditions upon which such

Debt Securities may be redeemed, as a whole or in part, at the option of the Operating Partnership, if the Operating Partnership is to have such an option;

(9) the obligation, if any, of the Operating Partnership to redeem, repay or repurchase such Debt Securities pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof, and the period or periods within which, or the date or dates on which, the price or prices at which and the terms and conditions upon which such Debt Securities are required to be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

(10) if other than U.S. dollars, the currency or currencies in which such Debt Securities are denominated and/or payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto;

(11) whether the amount of payments of principal of (and premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may, but need not be, based on a currency, currencies, currency unit or units or composite currency or currencies) and the manner in which such amounts shall be determined;

(12) any additions to, modifications of or deletions from the terms of such Debt Securities with respect to the Events of Default or covenants or other provisions set forth in the Indenture;

(13) whether such Debt Securities will be issued in certificated and/or book-entry form;

(14) whether such Debt Securities will be in registered or bearer form and, if in registered form, the denominations thereof if other than $1,000 and any integral multiple thereof and, if in bearer form, the denominations thereof and terms and conditions relating thereto;

(15) with respect to any series of Debt Securities rated below investment grade at the time of issuance, the Guarantees (the "Guaranteed Securities");

(16) the applicability, if any, of the defeasance and covenant defeasance provisions of Article XIV of the Indenture, or any modification thereof;

(17) if such Debt Securities are to be issued upon the exercise of debt warrants, the time, manner and place for such Debt Securities to be authenticated and delivered;

(18) the terms and conditions, if any, upon which such Debt Securities may be subordinated to other indebtedness of the Operating Partnership;

(19) whether and under what circumstances the Operating Partnership will pay Additional Amounts as contemplated in the Indenture on such Debt Securities in respect of any tax, assessment or governmental charge and, if so, whether the Operating Partnership will have the option to redeem such Debt Securities in lieu of making such payment; and

(20) any other terms of such Debt Securities not inconsistent with the provisions of the Indenture (Section 301).

The Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Special U.S. federal income tax, accounting and other considerations applicable to the Original Issue Discount Securities will be described in the applicable Prospectus Supplement.

The Indenture does not contain any provisions that would limit the ability of either the Operating Partnership to incur indebtedness or that would afford Holders of Debt Securities protection in the event of a highly leveraged or similar transaction involving the Operating Partnership. However, restrictions on ownership and transfers of the Company's common stock and preferred stock, designed to preserve the Company's status as a REIT, may prevent or hinder a change of control. Reference is made to the applicable Prospectus Supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or covenants of the Operating Partnership that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

GUARANTEES

The Company will fully, unconditionally and irrevocably guarantee the due and punctual payment of principal of, premium, if any, and interest on any Debt Securities rated below investment grade at the time of issuance by the Operating Partnership, and the due and punctual payment of any sinking fund payments thereon, when and as the same shall become due and payable, whether at a

maturity date, by declaration of acceleration, call for redemption or otherwise.

DENOMINATIONS, INTEREST, REGISTRATION AND TRANSFER

Unless otherwise described in the applicable Prospectus Supplement, the Debt Securities of any series, which are registered securities, other than registered securities in global form (which may be of any denomination), shall be issuable in denominations of $1,000 and integral multiples thereof and the Debt Securities which are bearer securities, other than bearer securities, other than bearer securities issued in global form (which may be of any denomination), shall be issuable in denominations of $5,000 and integral multiples of $1,000 thereof (Section 302).

Unless otherwise specified in the applicable Prospectus Supplement, the principal of (and premium, if any) and interest on any series of Debt Securities will be payable at the corporate trust office of the Trustee, provided that, at the option of the Operating Partnership, payment of interest may be made by check mailed to the address of the Person entitled thereto as it appears in the Security Register or by wire transfer of funds to such Person at an account maintained within the United States (Sections 301, 305, 307 and 1002).

All amounts paid by the Operating Partnership to a paying agent or a Trustee for the payment of the principal of or any premium or interest on any Debt Security which remain unclaimed at the end of two years after the principal, premium or interest has become due and payable will be repaid to the Operating Partnership, and the holder of the Debt Security thereafter may look only to the Operating Partnership for payment thereof.

Any interest not punctually paid or duly provided for on any Interest Payment Date with respect to a Debt Security ("Defaulted Interest") will forthwith cease to be payable to the Holder on the applicable Regular Record Date and may either be paid to the person in whose name such Debt Security is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to the Holder of such Debt Security not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more completely described in the Indenture (Sections 101 and 307).

Subject to certain limitations imposed upon Debt Securities issued in book-entry form, the Debt Securities of any series will be exchangeable for other Debt Securities of the same series, of a like aggregate principal amount and tenor, of different authorized denominations upon surrender of such Debt Securities at the corporate trust office of the Trustee. In addition, subject to certain limitations imposed upon Debt Securities issued in book-entry form, the Debt Securities of any series may be surrendered for conversion or registration of transfer thereof at the corporate trust office of the Trustee referred to above. Every Debt Security surrendered for conversion, registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer. No service charge will be made for any registration of transfer or exchange of any Debt Securities, but the Operating Partnership may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith (Section 305). If the applicable Prospectus Supplement refers to any transfer agent (in addition to the Trustee) initially designated by the Operating Partnership with respect to any series of Debt Securities, the Operating Partnership may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that the Operating Partnership will be required to maintain a transfer agent in each Place of Payment for such series. The Operating Partnership may at any time designate additional transfer agents with respect to any series of Debt Securities (Section 1002).

Neither the Operating Partnership nor the Trustee shall be required to (i) issue, register the transfer of or exchange Debt Securities of any series during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business of the day of mailing of the relevant notice of redemption; (ii) register the transfer of or exchange any Debt Security, or portion thereof, called for redemption, except the unredeemed portion of any Debt Security being redeemed in part; or (iii) issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the Holder, except that portion, if any, of such Debt Security which is not to be so repaid (Section 305).

MERGER, CONSOLIDATION OR SALE

The Operating Partnership may consolidate with, or sell, lease or convey all or substantially all of its assets to, or merge with or into, any other entity, provided (a) either the Operating Partnership shall be the continuing entity, or the successor (if other than the Operating Partnership) formed by or resulting from any such consolidation or merger or which shall have received the transfer of such assets shall expressly assume payment of the principal of (and premium, if any) and interest on all of the Debt Securities and the due and punctual performance and observance of all of the covenants and conditions contained in

the Indenture; (b) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Operating Partnership or such Subsidiary at the time of such transaction, no Event of Default under the Indenture, and no event which, after notice or the lapse of time, or both, would become such an Event of Default, shall have occurred and be continuing; and (c) an officer's certificate of the Company as general partner of the Operating Partnership and legal opinion covering such conditions shall be delivered to the Trustee (Sections 801 and 803).

CERTAIN COVENANTS

EXISTENCE. Except as permitted under "Merger, Consolidation or Sale," the Indenture will require the Operating Partnership to do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (declaration and statutory) and franchises; PROVIDED, HOWEVER, that the Operating Partnership shall not be required to preserve any right or franchise if it determines that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of the Debt Securities (Section 1004).

MAINTENANCE OF PROPERTIES. The Indenture will require the Operating Partnership to cause all of its material properties used or useful in the conduct of its business or the business of any subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the Operating Partnership may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, that the Operating Partnership and its subsidiaries shall not he prevented from selling or otherwise disposing of their properties for value in the ordinary course of business. (Section 1006).

INSURANCE. The Indenture will require each of the Operating Partnership to cause each of its and its subsidiaries' insurable properties to be insured in a commercially reasonable amount against loss of damage with insurers of recognized responsibility and, if described in the applicable Prospectus Supplement, in specified amounts and with insurers having a specified rating from a recognized insurance rating service. (Section 1007).

PAYMENT OF TAXES AND OTHER CLAIMS. The Indenture will require the Operating Partnership to pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon it or any subsidiary or upon its income, profits or property or that of any subsidiary and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Operating Partnership or any subsidiary; PROVIDED, HOWEVER, that the Operating Partnership shall not be required to pay or discharge or cause to be paid or discharged any tax, assessment, charge or claim whose amount or applicability is being contested in good faith. (Section 1008).

ADDITIONAL COVENANTS. Reference is made to the applicable Prospectus Supplement for information with respect to any additional covenants specific to a particular series of Debt Securities.

EVENT OF DEFAULT, NOTICE AND WAIVER

Unless otherwise provided in the Prospectus Supplement, the Indenture provides that the following events are "Events of Default" with respect to any series of Debt Securities issued thereunder: (a) default for 30 days in the payment of any interest on any Debt Security of such series; (b) default in the payment of any principal of (or premium, if any on) any Debt Security of such series when due; (c) default in making any sinking fund payment as required for any Debt Security of such series; (d) default in the performance of any other covenant or warranty of the Operating Partnership contained in the Indenture with respect to any Debt Security of such series, continued for 60 days after written notice as provided in the Indenture; (e) default in the payment of an aggregate principal amount exceeding $10,000,000 of any evidence of indebtedness of the Operating Partnership or any mortgage, indenture, note, bond, capitalized lease or other instrument under which such indebtedness is issued or by which such indebtedness is secured, such default having continued after the expiration of any applicable grace period and having resulted in the acceleration of the maturity of such indebtedness, but only if such indebtedness is not discharged or such acceleration is not rescinded or annulled; (f) certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of the Operating Partnership, or any Significant Subsidiary or any of their respective property; and (g) any other Event of Default provided with respect to a particular series of Debt Securities (Section 501). The term "Significant Subsidiary" means each

significant subsidiary (as defined in Regulation S-X promulgated under the Securities Act) of the Operating Partnership, as the case may be. (Section 101).

If an Event of Default under the Indenture with respect to Debt Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than a majority in principal

amount of the Outstanding Debt Securities of that series may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms thereof) of all of the Debt Securities of that series to be due and payable immediately by written notice thereof to the Operating Partnership (and to the Trustee if given by the Holders). However, any time after such a declaration of acceleration with respect to Debt Securities of such series has been made, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders of not less then a majority in principal amount of Outstanding Debt Securities of such series may rescind and annul such declaration and its consequences if (a) the Operating Partnership shall have paid or deposited with the Trustee all required payments of the principal of (and premium, if any) and interest on the Debt Securities of such series plus certain fees, expenses, disbursements and advances of the Trustee and (b) all Events of Default, other than the nonpayment of accelerated principal or interest with respect to Debt Securities of such series have been cured or waived as provided in the Indenture (Section 502). The Indenture also provides that the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series may waive any past default with respect to such series and its consequences, except a default (x) in the payment of the principal of (or premium, if any) or interest on any Debt Security of such series or (y) in respect of a covenant or provision contained in the Indenture that cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security affected thereby (Section 513).

The Trustee is required to give notice to the Holders of Debt Securities within 90 days of a default under the Indenture; PROVIDED, HOWEVER, that the Trustee may withhold notice to the Holders of any series of Debt Securities of any default with respect to such series (except a default in the payment of the principal of (or premium, if any) or interest on any Debt Security of such series or in the payment of any sinking fund installment in respect of any Debt Security of such series) if the Responsible Officers of the Trustee consider such withholding to be in the interest of such Holders (Section 601).

The Indenture provides that no Holders of Debt Securities of any series may institute any proceedings, judicial or otherwise, with respect to the Indenture or for any remedy thereunder, except in the case of failure of the Trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an Event of Default from the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of that series, as well as an offer of reasonable indemnity (Section 507). This provision will not prevent, however, any Holder of Debt Securities from instituting suit for the enforcement of payment of the principal of (and premium, if any) and interest on such Debt Securities at the respective due date thereof (Section 508).

Subject to provisions in the Indenture relating to its duties in case of default, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any Holders of Debt Securities of any series then Outstanding under the Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity (Section 602). The Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or of exercising any trust or power conferred upon the Trustee. However, the Trustee may refuse to follow any direction which is in conflict with any law or the Indenture, which may involve the Trustee in personal liability or which may be unduly prejudicial to the Holders of Debt Securities of such series not joining therein (Section 512).

Within 120 days after the close of each fiscal year, the Operating Partnership must deliver to the Trustee a certificate, signed by one of several specified officers of the Company, stating whether or not

such officer has knowledge of any default under the Indenture and, if so, specifying each such default and the nature and status thereof (Section 1005).

MODIFICATION OF THE INDENTURE

Modifications and amendments of provisions of the Indenture applicable to any series may be made only with consent of the Holders of not less than a majority in principal amount of all Outstanding Debt Securities which are affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the Holder of each such Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest (or premium, if any) on, any such Debt Security; (b) reduce the principal amount of, or the rate or amount of interest on, or any premium payable on redemption of, any such Debt Security, or reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the Holder of any such Debt Security; (c) change the Place of Payment, or the coin or currency, for payment of principal of, premium, if any, or interest on any such Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any such Debt Security on or after the Stated

Maturity thereof; (e) reduce the above stated percentage of Outstanding Debt Securities of any series necessary to modify or amend the Indenture, to waive compliance certain provisions thereof or certain defaults and consequences thereunder or to reduce the quorum or voting requirements set forth in the Indenture; (f) modify or affect in any manner adverse to the Holders the terms and conditions of the obligations of the Company in respect of the payment of principal (and premium, if any) and interest on any Guaranteed Securities; or (g) modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect such action or to provide that certain other provisions may not be modified or waived without the consent of the Holder of such Debt Security (Section 902).

The Holders of not less than a majority in principal amount of Outstanding Debt Securities of a particular series have the right to waive compliance by the Operating Partnership with certain covenants in the Indenture relating to such series (Section 1010).

Modifications and amendments of the Indenture may be made by the Operating Partnership and the Trustee without the consent of any Holder of Debt Securities for any of the following purposes: (i) to evidence the succession of another Person to the Operating Partnership as obligor under the Indenture; (ii) to add to the covenants of the Operating Partnership for the benefit of the Holders of all or any series of Debt Securities or to surrender any right or power conferred upon the Operating Partnership in the Indenture; (iii) to add Events of Default for the benefit of the Holders of all or any series of Debt Securities; (iv) to add or change any provisions of the Indenture to facilitate the issuance of Debt Securities in bearer form, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that such action shall not adversely affect the Interests of the Holders of the Debt Securities of any series in any material respect; (v) to change or eliminate any provisions of the Indenture, provided that any such change or elimination shall become effective only when there are not Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provision; (vi) to secure the Debt Securities; (vii) to establish the form or terms of Debt Securities of any series; (viii) to provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trust under the Indenture by more than one Trustee; (ix) to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action shall not adversely affect the interests of Holders of Debt Securities of any series in any material respect; (x) to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such Debt Securities, provided that such action shall not adversely affect the interests of the Holders of the Debt Securities of any series in any material respect (Section 901).

In addition, with respect to Guaranteed Securities, without the consent of any Holder of Debt Securities the Company, or a subsidiary thereof, may directly assume the due and punctual payment of the principal of, any premium and interest on all the Guaranteed Securities and the performance of every covenant of the Indenture on the part of the Operating Partnership to be performed or observed. Upon any such assumption, the Company or such subsidiary shall succeed to, and be substituted for and may exercise every right and power of, the Operating Partnership under the Indenture with the same effect as if the Company or such subsidiary had been the issuer of the Guaranteed Securities and the Operating Partnership shall be released from all obligations and covenants with respect to the Guaranteed Securities. No such assumption shall be permitted unless the Company has delivered to the Trustee (i) an officer's certificate and an opinion of counsel, stating, among other things, that the Guarantee and all other covenants of the Company in the Indenture remain in full force and effect and (ii) an opinion of independent counsel that the Holders of Guaranteed Securities shall have no United States Federal tax consequences as a result of such assumption, and that, if any Debt Securities are then listed on the New York Stock Exchange, that such Debt Securities shall not be delisted as a result of such assumption (Section 805).

The Indenture provides that in determining whether the Holders of the requisite principal amount of Outstanding Debt Securities of a series have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of Holders of Debt Securities, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity thereof, (ii) the principal amount of a Debt Security denominated in a Foreign Currency that shall be deemed outstanding shall be the U.S. dollar equivalent, determined on the issue date for such Debt Security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the issue date of such Debt Security of the amount determined as provided in (i) above), (iii) the principal amount of an Indexed Security that shall be deemed outstanding shall be the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture, and (iv) Debt Securities owned by the Operating Partnership or any other obligor upon the Debt Securities or any Affiliate of

the Operating Partnership or of such other obligor shall be disregarded (Section 101).

The Indenture contains provisions for convening meetings of the Holders of Debt Securities of a series (Section 1501). A meeting may be called at any time by the Trustee, and also, upon request, by the Operating Partnership, the Company (in respect of a series of Guaranteed Securities) or the Holders of at least 25% in principal amount of the Outstanding Debt Securities of such series, in any such case upon notice given as provided In the Indenture (Section 1502). Except for any consent that must be given by the Holder of each Debt Security affected by certain modifications and amendments of the Indenture any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the Holders of such Debt Securities of that series. Any resolution passed or decision taken at any meeting of Holders of Debt Securities of any series duly held in accordance with the Indenture will be binding on all Holders of Debt Securities of that series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be Persons, holding or representing a majority in principal amount of the Outstanding Debt Securities of a series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the Persons holding or representing such specified

percentage in principal amount of the Outstanding Debt Securities of such series will constitute a quorum (Section 1504).

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of Holders of Debt Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby, or of the Holders of such series and one or more additional series: (i) there shall be no minimum quorum requirement for such meeting and (ii) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture (Section 1504).

DISCHARGE, DEFEASANCE AND COVENANT DEFEASANCE

Unless otherwise provided in the Prospectus Supplement, the Operating Partnership may discharge certain obligations to Holders of any series of Debt Securities that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or are scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in such currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are payable in an amount sufficient to pay the entire indebtedness on such Debt Securities in respect of principal (and premium, if any) and interest to the date of such deposit (if such Debt Securities have became due and payable) or to the Stated Maturity or Redemption Date, as the case may be (Section 401).

The Indenture provides that, unless otherwise provided in the Prospectus Supplement, if the provisions of Article Fourteen are made applicable to the Debt Securities of any series pursuant to Section 301 of the Indenture, the Operating Partnership may elect either (a) to defease and discharge itself and the Company (if such Debt Securities are Guaranteed Securities) from any and all obligations with respect to such Debt Securities (except for the obligation to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities, to maintain an office or agency in respect of such Debt Securities and to hold moneys for payment in trust) ("defeasance") (Section 1402) or (b) to release itself and the Company (if such Debt Securities are Guaranteed Securities) from its obligations with respect to such Debt Securities under Sections 1004 and 1005, inclusive, of the Indenture (being the restrictions described tinder "Certain Covenants") or, if provided pursuant to Section 301 of the Indenture, its obligations with respect to any other covenant, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities ("covenant defeasance") (Section 1403), in either case upon the irrevocable deposit by the Operating Partnership or the Company (if the Debt Securities are Guaranteed Securities)

with the Trustee, in trust, of any amount, in such currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are payable at Stated Maturity, or Government Obligations (as defined below), or both applicable to such Debt Securities which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of (and premium, if any) and interest on such Debt Securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, the Operating Partnership or the Company (if the Debt Securities are Guaranteed Securities) has delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the Holders of such Debt Securities will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to U.S. Federal income tax on the same amounts, in the same

manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States Federal income tax law occurring after the date of the Indenture (Section 1404).

"Government Obligations" means securities which are (i) direct obligations of the United States of America or the government which issued the Foreign Currency in which the Debt Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government which issued the Foreign Currency in which the Debt Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a Depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a Depositary receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such Depositary receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such Depositary receipt (Section 101).

Unless otherwise provided in the applicable Prospectus Supplement, if after the Operating Partnership or the Company (if the Debt Securities are Guaranteed Securities) has deposited funds and/or Government Obligations to effect defeasance or covenant defeasance with respect to Debt Securities of any series, (a) the Holder of a Debt Security of such series is entitled to, and does, elect pursuant to Section 301 of the Indenture or the terms of such Debt Security to receive payment in a currency, currency unit or composite currency other than that in which such deposit has been made in respect of such Debt Security, or (b) a Conversion Event (as defined below) occurs in respect of the currency, currency unit or composite currency in which such deposit has been made, the indebtedness represented by such Debt Security shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest on such Debt Security as they become due out of the proceeds yielded by converting the amount so deposited in respect of such Debt Security into the currency, currency unit or composite currency in which such Debt Security becomes payable as a result of such election or such cessation of usage based on the applicable market exchange rate (Section 1405). "Conversion Event" means the cessation of use of (i) a currency, currency unit or composite currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions or within the international banking community, (ii) the ECU both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit or composite currency other than the ECU for the purposes for which it was established. (Section 101). Unless otherwise provided in the applicable Prospectus Supplement, all payments of principal of (and premium, if any) and interest on any Debt Security that is payable in a Foreign Currency that ceases to be used by its government of issuance shall be made in U.S. dollars.

In the event the Operating Partnership effects covenant defeasance with respect to any Debt Securities and such Debt Securities are declared due and payable because of the occurrence of any Event of Default other than the Event of Default described in clause (d) under "Events of Default, Notice and Waiver" with respect to Section 1004 of the Indenture (which Sections would no longer be applicable to such Debt Securities) or described in clause (h) under "Events of Default, Notice and Waiver" with respect to any other covenant as to which there has been covenant defeasance, the amount in such currency, currency unit or composite currency in which such Debt Securities are payable, and Government Obligations on deposit with the Trustee, will be sufficient to pay amounts due on such Debt Securities at the time of their Stated Maturity but may not be

sufficient to pay amounts due on such Debt Securities at

the time of the acceleration resulting from such Event of Default. However, the Operating Partnership and the Company (if such Debt Securities are Guaranteed Securities) would remain liable to make payment of such amounts due at the time of acceleration.

The applicable Prospectus Supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of a particular series.

SUBORDINATION

The terms and conditions, if any, upon which the Debt Securities are subordinated to other indebtedness of the Operating Partnership will be set forth in the applicable Prospectus Supplement relating thereto. Such terms will include a description of the indebtedness ranking senior to the Debt Securities, the restrictions on payments to the Holders of such Debt Securities while a default with respect to such senior indebtedness in continuing, the restrictions, if any, on payments to the Holders of such Debt Securities following an Event of Default, and provisions requiring Holders of such Debt Securities to remit certain payments to holders of senior indebtedness.

BOOK-ENTRY SYSTEM AND GLOBAL SECURITIES

The Debt Securities of a series may be issued in whole or in part in the form of one or more Securities in global form ("Global Securities") that will be deposited with, or on behalf of, a depository (the "Depository") identified in the Prospectus Supplement relating to such series. Global Securities, if any, issued in the United States are expected to be deposited with The Depository Trust Company ("DTC"), as Depository. Global Securities may be issued in either fully registered or bearer form and in either temporary or permanent form. Unless the Prospectus Supplement states otherwise, and until it is exchanged in whole or in part for the individual Debt Securities represented thereby, a Global Security may not be transferred except as a whole by the Depository for such Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any nominee of such Depositor to a successor Depository or any nominee of such successor.

The specific terms of the depository arrangement with respect to a series of Debt Securities will be described in the Prospectus Supplement relating to such series and/or the Global Security. The Company expects that unless otherwise indicated in the applicable Prospectus Supplement and/or the Global Security, the following provisions will apply to depository arrangements.

The Prospectus Supplement and/or the Global Security will state whether such Global Securities will be issued in certificated or book-entry form. If such Global Securities are to be issued in book-entry form, the Company expects that upon the issuance of a Global Security, the Depository for such Global Security or its nominee will credit on its book-entry registration and transfer system the respective principal amounts of the individual Debt Securities represented by such Global Security to the accounts of persons that have accounts with such Depository ("Participants"). Such accounts shall be designated by the underwriters, dealers or agents with respect to such Debt Securities or by the Company if such Debt Securities are offered directly by the Company. Ownership of beneficial interests in such Global Security will be limited to Participants or persons that may hold interests through Participants.

The Company expects that, for the Global Securities deposited with DTC, pursuant to procedures established by DTC, ownership of beneficial interests in any Global Security with respect to which DTC is the Depository will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to beneficial interests of Participants) and records of Participants (with respect to beneficial interests of persons who hold through Participants). Neither the Company, any Paying Agent, the Security Registrar nor the Trustee will have any responsibility or liability

for any aspect of the records of DTC or for maintaining, supervising or reviewing any records of DTC or any of its Participants relating to beneficial ownership interests in the Debt Securities. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to own, pledge or transfer beneficial interest in a Global Security.

Unless otherwise specified in the Prospectus Supplement or the actual Global Security, so long as the Depository for a Global Security or its nominee is the registered owner of such book-entry Global Security, such Depository or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by such Global Security for all purposes under the applicable Indenture. Except as described below or in the applicable Prospectus

Supplement or such Global Security, owners of beneficial interest in a Global Security will not be entitled to have any of the individual Debt Securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of any such Debt Securities in definitive form and will not be considered the owners or holders thereof under the applicable Indenture. Beneficial owners of Debt Securities evidenced by a Global Security will not be considered the owners or holders thereof under the applicable Indenture for any purpose, including with respect to the giving of any direction, instructions or approvals to the Trustee thereunder. Accordingly, each person owning a beneficial interest in a Global Security with respect to which DTC is the Depository must rely on the procedures of DTC and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interests, to exercise any rights of a holder under the applicable Indenture. The Company understands that, under existing industry practice, if it requests any action of holders or if an owner of a beneficial interest in a Global Security desires to give or take any action which a holder is entitled to give or take under the applicable Indenture, DTC would authorize the Participants holding the relevant beneficial interest to give or take such action, and such Participants would authorize beneficial owners through such Participants to give or take such actions or would otherwise act upon the instructions of beneficial owners holding through them.

Payments of principal of (and applicable premium, if any) and interest on individual Debt Securities represented by a Global Security registered in the name of a Depository or its nominee will be made to or at the direction of the Depository or its nominee, as the case may be, as the registered owner of the Global Security under the applicable Indenture. Under the terms of the applicable Indenture, the Company, any Paying Agent, the Security Registrar and the Trustee may treat the persons in whose name Debt Securities, including a Global Security, are registered as the owners thereof for the purpose of receiving such payments. Consequently, neither the Company, any Paying Agent, the Security Registrar nor the Trustee has or will have any responsibility or liability for the payment of such amounts to beneficial owners of Debt Securities (including principal, premium, if any, and interest). The Company believes, however, that it is currently the policy of DTC to immediately credit the accounts of relevant Participants with such payments, in amounts proportionate to their respective holdings of beneficial interests in the relevant Global Security as shown on the records of DTC or its nominee. The Company also expects that payments by Participants to owners of beneficial interests in such Global Security held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in street name, and will be the responsibility of such Participants. Redemption notices with respect to any Debt Securities represented by a Global Security will be sent to the Depository or its nominee. If less than all of the Debt Securities of any series are to be redeemed, the Company expects the Depository to determine the amount of the interest of each Participant in such Debt Securities to be redeemed to be determined by lot. None of the Company, the Trustee, any Paying Agent or the Security Registrar for such Debt Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Security for such Debt Securities or for maintaining any records with respect thereto.

Neither the Company, any Paying Agent, the Security Registrar nor the Trustee will be liable for any delay by the holders of a Global Security or the Depository in identifying the beneficial owners of Debt Securities and the Company and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the holder of a Global Security or the Depository for all purposes. The rules applicable to DTC and its Participants are on file with the Commission.

If a Depository for any Debt Securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the Company within 90 days, the Company will issue individual Debt Securities in exchange for the Global Security representing such Debt Securities. In addition, the Company may at any time and in its sole discretion, subject to any limitations described in the Prospectus Supplement or the Global Security relating to such Debt Securities, determine not to have any of such Debt Securities represented by one or more Global Securities and in such event will issue individual Debt Securities in exchange for the Global Security or Securities representing such Debt Securities. Individual Debt Securities so issued will be issued in denominations of $5,000 and integral multiples of $1,000.

The Debt Securities of a series may also be issued in whole or in part in the form of one or more bearer global securities (a "Bearer Global Security") that will be deposited outside of the United States with a depository, or with a nominee for such depository, identified in the applicable Prospectus Supplement and/or Global Security. Any such Bearer Global Securities may be issued in temporary or permanent form. The specific terms and procedures, including the specific terms of the depository arrangement, with respect to any portion of a series of Debt Securities to be represented by one or more Bearer Global Securities will be described in the applicable Prospectus Supplement and/or

Global Security.

DESCRIPTION OF PREFERRED STOCK

The Company is authorized to issue up to 5,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Stock"). No shares of Preferred Stock are outstanding as of the date hereof.

Under the Company's Articles of Incorporation, shares of Preferred Stock may be issued from time to time, in one or more series, as authorized by the Board of Directors. Prior to the issuance of shares of each series, the Board of Directors is required by the Maryland General Corporation Law (the "MGCL") and the Company's Articles of Incorporation to adopt resolutions and file Articles Supplementary (the "Articles Supplementary") with the State Department of Assessments and Taxation of Maryland, setting for each such series the designations, powers, preferences and rights of the shares of such series and the qualifications, limitations or restrictions thereon, including, but not limited to, dividend rights, dividend rate or rates, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences as are permitted by Maryland law. Because the Board of Directors has the power to establish the terms and conditions of each series of Preferred Stock, it may afford the holders of any series of Preferred Stock power, preferences and rights, voting or otherwise, senior to the rights of holders of shares of Common Stock. The issuance of Preferred Stock could have the effect of delaying or preventing a change in control of the Company.

The following description of the Preferred Stock sets forth certain general terms and provisions of the Preferred Stock to which any Prospectus Supplement may relate. The statements below describing the Preferred Stock are in all respects subject to and qualified in their entirety by reference to the applicable provisions of the Company's Articles of Incorporation (including the applicable Articles Supplementary) and bylaws.

GENERAL

Subject to limitations prescribed by Maryland law and the Company's Articles of Incorporation and bylaws, the Board of Directors is authorized to fix the number of shares constituting each series of

Preferred Stock and the designations, powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereon, including such provisions as may be desired concerning voting, redemption, dividends, dissolution or the distribution of assets, conversion or exchange, and such other subjects or matters as may be fixed by resolution of the Board of Directors or a duly authorized committee thereof. The Preferred Stock will, when issued, be fully paid and nonassessable.

Reference is made to the Prospectus Supplement relating to the series of Preferred Stock offered thereby for specific terms, including:

(1) the title and stated value of such Preferred Stock;

(2) the number of shares of such Preferred Stock offered, the liquidation preference per share and the offering price of such Preferred Stock;

(3) the dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation thereof applicable to such Preferred Stock;

(4) whether dividends shall be cumulative or non-cumulative and, if cumulative, the date from which dividends on such Preferred Stock shall accumulate;

(5) the procedures for any auction and remarketing, if any, for such Preferred Stock;

(6) the provisions for a sinking fund, if any, for such Preferred Stock;

(7) any voting rights of such Preferred Stock;

(8) the provisions for redemption, if applicable, of such Preferred Stock;

(9) any listing of such Preferred Stock on any securities exchange;

(10) the terms and conditions, if applicable, upon which such Preferred Stock will be convertible into Common Stock of the Company, including the conversion price (or manner of calculation thereof) and conversion period;

(11) if appropriate, a discussion of United States federal income tax considerations applicable to such Preferred Stock;

(12) any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve the status of

the Company as a REIT;

(13) the relative ranking and preferences of such Preferred Stock as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Company;

(14) any limitations on issuance of any series of Preferred Stock ranking senior to or on a parity with such series of Preferred Stock as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Company; and

(15) any other specific terms, preferences, rights, limitations or restrictions of such Preferred Stock.

RANK

Unless otherwise specified in the Prospectus Supplement, the Preferred Stock will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company, rank (i) senior to all classes or series of Common Stock of the Company, and to all equity securities ranking junior to such Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company; (ii) on a parity with all equity securities issued by the Company the terms of which specifically provide that such equity securities rank on a parity with the Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company; and (iii) junior to all equity securities issued by the Company the terms of which specifically provide that such equity securities rank senior to the

Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company. As used in the Company's Articles of Incorporation for these purposes, the term "equity securities" does not include convertible debt securities.

DIVIDENDS

Unless otherwise specified in the Prospectus Supplement, the Preferred Stock will have the rights with respect to payment of dividends set forth below.

Holders of shares of the Preferred Stock of each series shall be entitled to receive, when, as and if declared and authorized by the Board of Directors of the Company, out of assets of the Company legally available for payment, cash dividends at such rates and on such dates as will be set forth in the applicable Prospectus Supplement. Each such dividend shall be payable to holders of record as they appear on the stock transfer books of the Company on such record dates as shall be fixed by the Board of Directors of the Company.

Dividends on any series of the Preferred Stock may be cumulative or non-cumulative, as provided in the applicable Prospectus Supplement. Dividends, if cumulative, will accumulate from and after the date set forth in the applicable Prospectus Supplement. If the Board of Directors of the Company fails to declare a dividend payable on a dividend payment date on any series of the Preferred Stock for which dividends are noncumulative, then the holders of such series of the Preferred Stock will have no right to receive a dividend in respect of the dividend period ending on such dividend payment date, and the Company will have no obligation to pay the dividend accrued for such period, whether or not dividends on such series are declared payable on any future dividend payment date.

If any shares of the Preferred Stock of any series are outstanding, no full dividends shall be declared or paid or set apart for payment on the Preferred Stock of the Company of any other series ranking, as to dividends, on a parity with or junior to the Preferred Stock of such series for any period unless (i) if such series of Preferred Stock has a cumulative dividend, full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart for such payment on the Preferred Stock of such series for all past dividend periods and the then current dividend period or (ii) if such series of Preferred Stock does not have a cumulative dividend, full dividends for the then current dividend period have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart for such payment on the Preferred Stock of such series. When dividends are not paid in full (or a sum sufficient for such full payment is not so irrevocably set apart) upon the shares of Preferred Stock of any series and the shares of any other series of preferred stock ranking on a parity as to dividends with the Preferred Stock of such series, all dividends declared upon shares of Preferred Stock of such series and any other series of preferred stock ranking on a parity as to dividends with such Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on the Preferred Stock of such series and such other series of preferred stock shall in all cases bear to each other the same ratio that accrued and unpaid dividends per share on the shares of Preferred Stock of such series (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such Preferred Stock does not have a cumulative dividend) and such other series of preferred stock bear to each other. Except as

may otherwise be set forth in the applicable Prospectus Supplement, no interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on Preferred Stock of such series which may be in arrears.

Except as provided in the immediately preceding paragraph, unless (i) if such series of Preferred Stock has a cumulative dividend, full cumulative dividends on the Preferred Stock of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart for payment for all past dividend periods and the then current dividend period or (ii) if such series of Preferred Stock does not have a cumulative dividend, full dividends on the Preferred Stock of such series have been or contemporaneously are declared and paid or declared and a sum

sufficient for the payment thereof irrevocably set apart for payment for the then current dividend period, no dividends (other than in Common Stock or other capital stock ranking junior to the Preferred Stock of such series as to dividends and upon liquidation, dissolution or winding up of the Company) shall be declared or paid or set aside for payment or other distribution shall be declared or made upon the Common Stock or any other capital stock of the Company ranking junior to or on a parity with the Preferred Stock of such series as to dividends or upon liquidation, dissolution or winding up of the Company, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with the Preferred Stock of such series as to dividends or upon liquidation, dissolution or winding up of the Company be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for other capital stock of the Company ranking junior to the Preferred Stock of such series as to dividends and upon liquidation, dissolution or, winding up of the Company).

Any dividend payment made on shares of a series of Preferred Stock shall first be credited against the earliest accrued but unpaid dividend due with respect to shares of such series which remains payable.

REDEMPTION

If so provided in the applicable Prospectus Supplement, the shares of Preferred Stock will be subject to mandatory redemption or redemption at the option of the Company, as a whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in such Prospectus Supplement.

The Prospectus Supplement relating to a series of Preferred Stock that is subject to mandatory redemption will specify the number of shares of such Preferred Stock that shall be redeemed by the Company in such year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accrued and unpaid dividends thereon (which shall not, if such Preferred Stock does not have a cumulative dividend, include any accumulation in respect of unpaid dividends for prior dividend periods) to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable Prospectus Supplement.

Notwithstanding the foregoing, unless (i) if such series of Preferred Stock has a cumulative dividend, full cumulative dividends on all shares of any series of Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart for payment for all past dividend periods and the then current dividend period or (ii) if such series of Preferred Stock does not have a cumulative dividend, full dividends on the Preferred Stock of any series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart for payment for the then current dividend period, no shares of any series of Preferred Stock shall be redeemed unless all outstanding shares of Preferred Stock of such series are simultaneously redeemed; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of Preferred Stock of such series pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Preferred Stock of such series. In addition, unless (i) if such series of Preferred Stock has a cumulative dividend, full cumulative dividends on all outstanding shares of any series of Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart for payment for all past dividend periods and the then current dividend period and (ii) if such series of Preferred Stock does not have a cumulative dividend, full dividends on the Preferred Stock of any series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart for payment for the then current dividend period, the Company shall not purchase or otherwise acquire directly or indirectly any shares of Preferred Stock of such series (except by conversion into or exchange for capital stock of the Company ranking junior to the Preferred Stock of such series as to dividends and upon liquidation, dissolution or winding up of the Company); provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of Preferred Stock of such series to preserve the REIT status of the

Company or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Preferred Stock of such series.

If fewer than all of the outstanding shares of Preferred Stock of any series are to be redeemed, the number of shares to be redeemed will be determined by the Company and such shares may be redeemed pro rata from the holders of record of such shares in proportion to the number of such shares held by such holders (with adjustments to avoid redemption of fractional shares) or any other equitable method determined by the Company that will not result in violation of the ownership limitations set forth in the Articles of Incorporation.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of record of a share of Preferred Stock of any series to be redeemed at the address shown on the stock transfer books of the Company. Each notice shall state: (i) the redemption date; (ii) the number of shares and series of the Preferred Stock to be redeemed; (iii) the redemption price; (iv) the place or places where certificates for such Preferred Stock are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) the date upon which the holder's conversion rights, if any, as to such shares shall terminate. If fewer than all the shares of Preferred Stock of any series are to be redeemed, the notice mailed to each such holder thereof shall also specify the number of shares of Preferred Stock to be redeemed from each such holder. If notice of redemption of any shares of Preferred Stock has been given and if the funds necessary for such redemption have been irrevocably set apart by the Company in trust for the benefit of the holders of any shares of Preferred Stock so called for redemption, then from and after the redemption date dividends will cease to accrue on such shares of Preferred Stock, such shares of Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

LIQUIDATION PREFERENCE

Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, then, before any distribution or payment shall be made to the holders of any Common Stock or any other class or series of capital stock of the Company ranking junior to the Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the Company, the holders of each series of Preferred Stock shall be entitled to receive out of assets of the Company legally available for distribution to stockholders liquidating distributions in the amount of the liquidation preference per share (set forth in the applicable Prospectus Supplement and Articles Supplementary), plus an amount equal to all dividends accrued and unpaid thereon (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such Preferred Stock does not have a cumulative dividend). Except as may otherwise be set forth in the applicable Prospectus Supplement, after payment of the full amount of the liquidating distributions to which they are entitled, the holders of Preferred Stock will have no right or claim to any of the remaining assets of the Company. In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the legally available assets of the Company are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Company ranking on a parity with the Preferred Stock in the distribution of assets upon liquidation, dissolution or winding up of the Company, then the holders of the Preferred Stock and all other such classes or series of capital stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

If liquidating distributions shall have been made in full to all holders of shares of Preferred Stock, the remaining assets of the Company shall be distributed among the holders of any other classes or series of capital stock ranking junior to the Preferred Stock upon liquidation, dissolution or winding up of the Company, according to their respective rights and preferences and in each case according to their respective number of shares. For such purposes, the consolidation or merger of the Company with or into

any other corporation, or the sale, lease, transfer or conveyance of all or substantially all of the property or business of the Company, shall not be deemed to constitute a liquidation, dissolution or winding up of the Company.

VOTING RIGHTS

Holders of the Preferred Stock will not have any voting rights, except as set forth below or as otherwise from time to time required by law or as indicated in the applicable Prospectus Supplement.

Except as may otherwise be set forth in the applicable Prospectus Supplement, whenever dividends on any shares of Preferred Stock shall be in arrears for the equivalent of six or more quarterly periods, the holders of such shares of Preferred Stock (voting separately as a class with all other series of preferred stock upon which like voting rights have been conferred and are

exercisable) will be entitled to vote for the election of two additional directors of the Company at the next annual meeting of stockholders, and at each subsequent annual meeting, until (i) if such series of Preferred Stock has a cumulative dividend, all dividends accumulated on such shares of Preferred Stock for the past dividend periods and the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof irrevocably set apart for payment or (ii) if such series of Preferred Stock does not have a cumulative dividend, four consecutive quarterly dividends shall have been fully paid or declared and a sum sufficient for the payment thereof irrevocably set apart for payment. In such case, the entire Board of Directors of the Company will be increased by two directors.

Unless provided otherwise for any series of Preferred Stock, so long as any shares of Preferred Stock remain outstanding, the Company shall not, without the affirmative vote or consent of the holders of at least 66% of the shares of each series of Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (each such series voting separately as a class), (i) authorize or create, or increase the authorized or issued amount of, any class or series of capital stock ranking senior to such series of Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Company or reclassify any authorized capital stock of the Company into any such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter or repeal the provisions of the Company's Articles of Incorporation (including the Articles Supplementary for such series of Preferred Stock), whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of such series of Preferred Stock or the holders thereof; provided, however, that any increase in the amount of the authorized preferred stock or the creation or issuance of any other series of preferred stock, or any increase in the amount of authorized shares of such series or any other series of Preferred Stock, in each case ranking on a parity with or junior to the Preferred Stock of such series with respect to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Company, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of such series of Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

CONVERSION RIGHTS

The terms and conditions, if any, upon which shares of any series of Preferred Stock are convertible into Common Stock will be set forth in the applicable Prospectus Supplement relating thereto. Such terms will include the number of shares of Common Stock into which the Preferred Stock is convertible, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the holders of the Preferred Stock or the Company, the events requiring

an adjustment of the conversion price and provisions affecting conversion in the event of the redemption of such Preferred Stock.

RESTRICTIONS ON OWNERSHIP

With certain exceptions, the Company's Articles of Incorporation provide that no person may own, or be deemed to own by virtue of the attribution rules of the Code, more than 9.8% of the value of the Company's issued and outstanding shares of capital stock. See "Restrictions on Ownership of Offered Securities." These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of some of shares of capital stock of the Company might receive a premium for their shares over the then prevailing market price or which such holders might believe to be otherwise in their best interest.

DESCRIPTION OF DEPOSITARY SHARES

GENERAL

The Company may issue receipts ("Depositary Receipts") for Depositary Shares, each of which will represent a fractional interest of a share of a particular class or series of Preferred Stock, as specified in the applicable Prospectus Supplement. Shares of a class or series of Preferred Stock represented by Depositary Shares will be deposited under a separate Deposit Agreement (each, a "Deposit Agreement") among the Company and the depositary named therein (the "Preferred Stock Depositary"). Subject to the terms of the Deposit Agreement, each owner of a Depositary Receipt will be entitled, in proportion to the fractional interest of a share of a particular class or series of Preferred Stock represented by the Depositary Shares evidenced by such Depositary Receipt, to all the rights and preferences of the class or series of the Preferred Stock represented by such Depositary Shares (including dividend,

voting, conversion, redemption and liquidation rights).

The Depositary Shares will be evidenced by Depositary Receipts issued pursuant to the applicable Deposit Agreement. Immediately following the issuance and delivery of the Preferred Stock by the Company to a Preferred Stock Depositary, the Company will cause such Preferred Stock Depositary to issue, on behalf of the Company, the Depositary Receipts. Copies of the applicable form of Deposit Agreement and Depositary Receipt may be obtained from the Company upon request, and the statements made hereunder relating to the Deposit Agreement and the Depositary Receipt to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and qualified in their entirety by reference to, all of the provisions of the applicable Deposit Agreement and related Depositary Receipts.

DIVIDENDS AND OTHER DISTRIBUTIONS

The Preferred Stock Depositary will distribute all cash dividends or other cash distributions received in respect of a class or series of Preferred Stock to the record holders of Depositary Receipts evidencing the related Depositary Shares in proportion to the number of the such Depositary Receipts owned by such holders, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to such Preferred Stock Depositary.

In the event of a distribution other than in cash, the Preferred Stock Depositary will distribute property received by it to the record holders of Depositary Receipts entitled thereto, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the Preferred Stock Depositary, unless such Preferred Stock Depositary determines that it is not feasible to make such distribution, in which case the Preferred Stock Depositary may, with the approval of the Company, sell such property and distribute the net proceeds from such sale to such holders.

No distribution will be made in respect of any Depositary Share to the extent that it represents any class or series of Preferred Stock that has been converted or exchanged.

WITHDRAWAL OF STOCK

Upon surrender of the Depositary Receipts at the corporate trust office of the Preferred Stock Depositary (unless the related Depositary Shares have previously been called for redemption or converted), the holders thereof will be entitled to delivery at such office, to or upon each such holder's order, of the number of whole or fractional shares of the class or series of Preferred Stock and any money or other property represented by the Depositary Shares evidenced by such Depositary Receipts. Holders of Depositary Receipts will be entitled to receive whole or fractional shares of the related class or series of Preferred Stock on the basis of the proportion of Preferred Stock represented by each Depositary Share as specified in the applicable Prospectus Supplement, but holders of such shares of Preferred Stock will not thereafter be entitled to receive Depositary shares therefor. If the Depositary Receipts delivered by the holder evidence a number of Depositary Shares in excess of the number of Depositary Shares representing the number of shares of Preferred Stock to be withdrawn, the Preferred Stock Depositary will deliver to such holder at the same time a new Depositary Receipt evidencing such excess number of Depositary Shares.

REDEMPTION OF DEPOSITARY SHARES

Whenever the Company redeems shares of Preferred Stock held by the Preferred Stock Depositary, the Preferred Stock Depositary will redeem as of the same redemption date the number of the Depositary Shares representing shares of such class or series of Preferred Stock so redeemed, provided the Company shall have paid in full to the Preferred Stock Depositary the redemption price of the Preferred Stock to be redeemed plus an amount equal to any accrued and unpaid dividends thereon to the date fixed for redemption. The redemption price per Depositary Share will be equal to the corresponding proportion of the redemption price and any other amounts per share payable with respect to such class or series of Preferred Stock. If fewer than all the Depositary Shares are to be redeemed, the Depositary Shares to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional Depositary Shares) or by any other equitable method determined by the Depositary.

From and after the date fixed for redemption, all dividends in respect of the shares of a class or series of Preferred Stock so called for redemption will cease to accrue, the Depositary Shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of the Depositary Receipts evidencing the Depositary Shares so called for redemption will cease, except the right to receive any moneys payable upon such redemption and any money or other property to which the holders of such Depositary Receipts were entitled upon such redemption upon surrender thereof to the Preferred Stock Depositary.

VOTING OF THE PREFERRED STOCK

Upon receipt of notice of any meeting at which the holders of a class or series of Preferred Stock deposited with the Preferred Stock Depositary are entitled to vote, the Preferred Stock Depositary will mail the information contained in such notice of meeting to the record holders of the Depositary Receipts evidencing the Depositary Shares which represent such class or series of Preferred Stock. Each record holder of Depositary Receipts evidencing Depositary Shares on the record date (which will be the same date as the record date for such class or series of Preferred Stock) will be entitled to instruct the Preferred Stock Depositary as to the exercise of the voting rights pertaining to the amount of Preferred Stock represented by such holder's Depositary Shares. The Preferred Stock Depositary will vote the amount of such class or series of Preferred Stock represented by such Depositary Shares in accordance with such instructions, and the Company will agree to take all reasonable action which may be deemed necessary by the Preferred Stock Depositary in order to enable the Preferred Stock Depositary to do so. The Preferred

Stock Depositary will abstain from voting the amount of Preferred Stock represented by such Depositary Shares to the extent it does not receive specific instructions from the holder of Depositary Receipts evidencing such Depositary Shares.

LIQUIDATION PREFERENCE

In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of each Depositary Receipt will be entitled to the fraction of the liquidation preference accorded each share of Preferred Stock represented by the Depositary Share evidenced by such Depositary Receipt as set forth in the applicable Prospectus Supplement.

CONVERSION OF PREFERRED STOCK

The Depositary Shares, as such, will not be convertible into Common Stock or any other securities or property of the Company, except in connection with certain conversions in connection with the preservation of the Company's status as a REIT. See "Restrictions on Ownership of Offered Securities." Nevertheless, if so specified in the applicable Prospectus Supplement relating to an offering of Depositary Shares, the Depositary Receipts may be surrendered by holders thereof to the applicable Preferred Stock Depositary with written instructions to the Preferred Stock Depositary to instruct the Company to cause conversion of a class or series of Preferred Stock represented by the Depositary Shares evidenced by such Depositary Receipts into whole shares of Common Stock, other shares of a class or series of Preferred Stock of the Company or other shares of stock, and the Company has agreed that upon receipt of such instructions and any amounts payable in respect thereof, it will cause the conversion thereof utilizing the same procedures as those provided for delivery of Preferred Stock to effect such conversion. If the Depositary Shares evidenced by a Depositary Receipt are to be converted in part only, a Depositary Receipt or Receipts will be issued for any Depositary Shares not to be converted. No fractional shares of Common Stock will be issued upon conversion, and if such conversion will result in a fractional share being issued, an amount will be paid in cash by the Company equal to the value of the fractional Interest based upon the closing price of the Common Stock on the last business day prior to the conversion.

AMENDMENT AND TERMINATION OF A DEPOSIT AGREEMENT

The form of Depositary Receipt evidenced in Depositary Shares which represent the Preferred Stock and any provision of the Deposit Agreement may at any tine be amended by agreement between the Company and the Preferred Stock Depositary. However, any amendment that materially and adversely alters the rights of the holders of Depositary Receipts or that would be materially and adversely inconsistent with the rights granted to the holders of the related Preferred Stock will not be effective unless such amendment has been approved by the existing holders of at least two-thirds of the applicable Depositary Shares evidenced by the applicable Depositary Receipts then outstanding. No amendment shall impair the right, subject to certain anticipated exceptions in the Deposit Agreements, of any holder of Depositary Receipts to surrender any Depositary Receipt with instructions to deliver to the holder the related class or series of Preferred Stock and all money and other property, if any, represented thereby, except in order to comply with law. Every holder of an outstanding Depositary Receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such Depositary Receipt, to consent and agree to such amendment and to be bound by the applicable Deposit Agreement as amended thereby.

The Deposit Agreement may be terminated by the Company upon not less than 30 days' prior written notice to the Preferred Stock Depositary if such termination is necessary to preserve the Company's status as a REIT. The Company has agreed that if the Deposit Agreement is terminated to preserve the Company's status as a REIT, then the Company will use its best efforts to list each class or series of Preferred Stock issued upon surrender of the related Depositary Shares. In addition, the Deposit Agreement will automatically terminate if (i) all

outstanding Depositary Shares shall have been redeemed, (ii) there shall have been a final distribution in respect of each class or series of Preferred Stock in

connection with any liquidation, dissolution or winding up of the Company and such distribution shall have been distributed to the holders of the Depositary Receipts evidencing the Depositary Shares representing such class or series of Preferred Stock or (iii) each share of the related Preferred Stock shall have been converted into Common Stock or other Preferred Stock of the Company not so represented by Depositary Shares or has been exchanged for Debt Securities.

CHARGES OF A PREFERRED STOCK DEPOSITARY

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. In addition, the Company will pay the fees and expenses of the Preferred Stock Depositary in connection with the performance of its duties under the Deposit Agreement. However, holders of Depositary Receipts will pay the fees and expenses of the Preferred Stock Depositary for any duties requested by such holders to be performed which are outside of those expressly provided for in the Deposit Agreement.

RESIGNATION AND REMOVAL OF DEPOSITARY

The Preferred Stock Depositary may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Preferred Stock Depositary, any such resignation or removal to take effect upon the appointment of a successor Preferred Stock Depositary. A successor Preferred Stock Depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least the amount set forth in the Deposit Agreement.

MISCELLANEOUS

The Preferred Stock Depositary will forward to holders of Depositary Receipts any reports and communications from the Company which are received by the Preferred Stock Depositary with respect to the related Preferred Stock.

Neither the Preferred Stock Depositary nor the Company will be liable if it is prevented from or delayed in, by law or any circumstances beyond its control, performing its obligations under the Deposit Agreement. The obligations of the Company and the Preferred Stock Depositary under the Deposit Agreement will be limited to performing their duties thereunder in good faith and without negligence (in the case of any action or inaction in the voting of a class or series of Preferred Stock represented by the Depositary Shares), gross negligence or willful misconduct, and the Company and the Preferred Stock Depositary will not be obligated to prosecute or defend any legal proceeding in respect of any Depositary Receipts, Depositary Shares or shares of a class or series of Preferred Stock represented thereby unless satisfactory indemnity is furnished. The Company and the Preferred Stock Depositary may rely on written advice of counsel or accountants, or information provided by persons presenting shares of Preferred Stock represented thereby for deposit, holders of Depositary Receipts or other persons believed in good faith to be competent to give such information, and on documents believed in good faith to be genuine and signed by a proper party.

RESTRICTIONS ON OWNERSHIP OF OFFERED SECURITIES

For the Company to qualify as a REIT under the Code, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year, and its capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year.

The Company's Articles of Incorporation provide, subject to certain exceptions specified therein, that no holder may own, or be deemed to own by virtue of the attribution rules of the Code, more than 9.8% by value (the "Ownership Limit") of the outstanding capital stock of the Company. Any transfer of Offered Securities that would create a direct or indirect ownership of shares of Common Stock and/or Preferred Stock (collectively the "Stock") in excess of the Ownership Limit or result in the Company being "closely held" within the meaning of Code Section 856(h) shall be null and void, and the intended transferee will acquire no rights to the Offered Securities. Any transfer of Stock that would result in the capital stock of the Company being beneficially owned by fewer than 100 persons shall be null and void, and the interested transferee will acquire no rights to such shares of Stock.

The constructive ownership rules are complex and may cause Common Stock or Preferred Stock owned directly or constructively by a group of related individuals and/or entities to be deemed constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of the value of the

capital stock of the Company (or the acquisition of an interest in an entity which owns such capital stock) by an individual or entity could cause that individual or entity (or another individual or entity) to own constructively in excess of 9.8% of the value of the capital stock, and thus subject such capital stock to the Ownership Limit. Moreover, an individual or an entity which owns warrants to acquire Common Stock or Preferred Stock ("Warrants") will be deemed to own such Stock for purposes of applying the Ownership Limit.

The Board of Directors may, upon receipt of either a certified copy of a ruling from the Internal Revenue Service or an opinion of counsel satisfactory to the Board of Directors, but shall in no case be required to, exempt a person (the "Exempted Holder") from the Ownership Limit if the ruling or opinion concludes that no person who is an individual as defined in Section 542(a)(2) of the Code will, as the result of the ownership of shares by the Exempted Holder, be considered to have Beneficial Ownership of an amount of capital stock that will violate the Ownership Limit.

The foregoing restrictions on transferability and ownership will not apply if the Board of Directors determines that it is no longer in the best interests of the Company to attempt to qualify, or to continue to qualify, as a REIT.

All certificates representing shares of Common Stock and Preferred Stock will bear a legend referring to the restrictions described above.

All stockholders of record who own more than a specified percentage of the outstanding capital stock of the Company must file a written statement with the Company containing certain information specified in Treasury Regulations, pertaining to the actual ownership of capital stock of the Company, within 30 days after December 31 of each year. In addition, each holder of capital stock of the Company and/or Warrants shall, upon demand, be required to disclose to the Company in writing such information with respect to the direct, indirect and constructive ownership of capital stock of the Company as the Board of Directors deems necessary to comply with the provisions of the Code applicable to a REIT or to comply with the requirements of any taxing authority or governmental agency.

In addition to preserving the Company's status as a REIT, the Ownership Limit may have the effect of precluding an acquisition of control of the REIT without the approval of the Board of Directors. These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of some, or a majority, of shares of capital stock of the Company might receive a premium for their shares over the then prevailing market price or which such holders might believe to be otherwise in their best interest.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS TO THE COMPANY OF ITS REIT ELECTION

Pryor Cashman Sherman & Flynn LLP, which has acted as tax counsel to the Company in connection with the formation of the Company and the Company's election to be taxed as a REIT, has reviewed the following discussion and is of the opinion that it fairly summarizes the material federal income tax considerations relevant to the Company's status as a REIT. The following summary of certain federal income tax considerations is based on current law, is for general information only, and is not tax advice. The tax treatment of a holder of any of the Offered Securities will vary depending upon the terms of the specific securities acquired by such holder, as well as his particular situation and this discussion does not purport to deal with all aspects of taxation that may be relevant to particular holders of Offered Securities in light of their personal investment or tax circumstances or to certain types of stockholders (including insurance companies, financial institutions, or broker-dealers, tax-exempt organizations, foreign corporations, and persons who are not citizens or residents of the United States) subject to special treatment under the United States federal income tax laws.

The REIT provisions of the Code are highly technical and complex. The following sets forth the material aspects of the sections that govern the federal income tax treatment of a REIT. This summary is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated thereunder, and administrative and judicial interpretations thereof, all of which are subject to change (which change may apply retroactively).

EACH INVESTOR IS ADVISED TO CONSULT THE APPLICABLE PROSPECTUS SUPPLEMENT, AS WELL AS HIS TAX ADVISOR, REGARDING THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND SALE OF THE OFFERED SECURITIES, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH ACQUISITION, OWNERSHIP AND SALE AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

TAXATION OF THE COMPANY AS A REIT

GENERAL. The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with its taxable year ended December 31, 1994. The Company believes that it has been organized and operated in such a manner as to qualify for taxation as a REIT under the Code for such taxable year and for all subsequent taxable years ending prior to the date of this Prospectus

and the Company intends to continue to operate in such a manner in the future, but no assurance can be given that it will operate in a manner so as to qualify or remain qualified.

In the opinion of Pryor Cashman Sherman & Flynn LLP, the Company has been organized in conformity with the requirements for qualification and taxation as a REIT, commencing with its initial taxable year ended December 31, 1994, and for all subsequent taxable years to date, and its method of operation will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code. It must be emphasized that this opinion is based on various assumptions and is conditioned upon such assumptions and certain representations made by the Company as to factual matters. Pryor Cashman Sherman & Flynn LLP is not aware of any facts or circumstances that are inconsistent with these representations and assumptions. Moreover, such qualification and taxation as a REIT depends upon the Company's ability to meet, through actual annual operating results, distribution levels and diversity of stock ownership, the various qualification tests imposed under the Code and discussed below, the results of which will not be reviewed by Pryor Cashman Sherman & Flynn LLP. Accordingly, no assurance can be given that the actual results of the Company's operation for any particular taxable year will satisfy such requirements. See "--Failure to Qualify."

If the Company qualifies for taxation as a REIT, it generally will not be subject to federal corporate income taxes on its net income that is currently distributed to stockholders. This treatment substantially eliminates the "double taxation" (at both the corporate and stockholder levels) that generally results from

investment in a regular corporation. However, the Company will be subject to federal income tax as follows: First, the Company will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains (although stockholders will receive an offsetting credit against their own federal income liability for federal income taxes paid by the Company with respect to any such undistributed net capital gain). Second, under certain circumstances, the Company may be subject to the "corporate alternative minimum tax" on its items of tax preference. Third, if the Company has (i) net income from the sale or other disposition of "foreclosure property" which is held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying net income from foreclosure property, it will be subject to tax at the highest corporate rate on such income. Fourth, if the Company has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than certain involuntary conversions or foreclosure property), such income will be subject to a 100% tax. Fifth, if the Company should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), but has nonetheless maintained its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on an amount equal to (a) the gross income attributable to the greater of the amount by which the Company fails the 75% or 95% test, multiplied by (b) a fraction intended to reflect the Company's profitability. Sixth, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior years, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, with respect to an asset (a "Built-In Gain Asset") acquired by the Company from a corporation which is or has been a C corporation (i.e., generally, a corporation subject to full corporate-level tax) in a transaction in which the basis of the Built-In Gain Asset in the hands of the Company is determined by reference to the basis of the asset in the hands of the C corporation, if the Company recognizes gain on the disposition of such asset during the ten-year period (the "Recognition Period") beginning on the date on which such asset was acquired by the Company, then, to the extent of the Built-In Gain (i.e., the excess of (a) the fair market value of such asset over (b) the Company's adjusted basis in such asset, determined as of the beginning of the Recognition Period), such gain will be subject to tax at the highest corporate tax rate pursuant to Internal Revenue Service ("IRS") regulations that have not yet been promulgated. The results described above with respect to the recognition of Built-In Gain assume that the Company will make an election pursuant to IRS Notice 88-19.

REQUIREMENTS FOR QUALIFICATION. The Code defines a REIT as a corporation, trust or association (1) which is managed by one or more trustees or directors, (2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest, (3) which would be taxable as a domestic corporation, but for Code Sections 856 through 859, (4) which is neither a financial institution nor an insurance company subject to certain provisions of the Code, (5) the beneficial ownership of which is held by 100 or more persons (determined without reference to any rules of attribution), (6) during the last half of each taxable year, not more than 50% in value of the outstanding stock of which is owned, directly or constructively, by five or fewer individuals (as defined in the Code to include certain entities) and (7) which meets certain other tests, described below, regarding the matter of its income and assets. The Code provides that conditions (1) to (4), inclusive, must

be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

The Company has previously issued sufficient shares to allow it to satisfy conditions (5) and (6). In addition, the Company's Articles of Incorporation provide for restrictions regarding ownership and transfer of the Company's capital stock, which restrictions are intended to assist the Company in continuing to satisfy the share ownership requirements described in (5) and (6) above. The ownership and transfer restrictions are described in "Restrictions on Ownership of Offered Securities." Prior to 1998, the Company's failure to comply with the Treasury regulations requiring a REIT to maintain permanent records showing the actual ownership of its stock (the "Stock Ownership Regulations") could have resulted

in the Company's disqualification as a REIT for the taxable year of the failure. Pursuant to the Taxpayer Relief Act of 1997 (the "Act"), effective for the Company's taxable years beginning on or after January 1, 1998, so long as the Company complies with the Stock Ownership Regulations, the Company will not lose its qualifications as a REIT as a result of a violation of the foregoing requirement if it neither knows nor upon exercising reasonable diligence would have known of such violation. Effective for the Company's taxable years beginning on or after January 1, 1998, instead of being disqualified as a REIT, the Company would be subject to a financial penalty of $25,000 ($50,000 for intentional violations) for any year in which the Company fails to comply with the Stock Ownership Regulations. Furthermore, if the Company can establish that its failure to comply was due to reasonable cause and not to willful neglect, no penalty would be imposed.

In addition, a corporation may not elect to become a REIT unless its taxable year is the calendar year. From its inception, the Company's taxable has been the calendar year.

The Company currently owns and operates the majority of the Properties through partnerships in which the Operating Partnership and direct, wholly-owned subsidiaries (the "Company Subs") are partners. Code Section 856(i), as amended by the Act, provides that a corporation, 100% of whose stock is held by a REIT, is a "qualified REIT subsidiary." A "qualified REIT subsidiary" is not treated as a separate corporation, and all assets, liabilities, and items of income, deduction, and credit of a "qualified REIT subsidiary" are treated as assets, liabilities and such items (as the case may be) of the REIT. Thus, in applying the requirements described herein, the Company's "qualified REIT subsidiaries" will be ignored, and all assets, liabilities and items of income, deduction, and credit of such subsidiaries will be treated as assets, liabilities and items of the Company. The Company has not, however, sought or received a ruling from the IRS that any of the Company Subs is a "qualified REIT subsidiary."

In the case of a REIT that is a partner in a partnership, either directly, or indirectly through a "qualified REIT subsidiary," Treasury regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of Code Section 856, including satisfying the gross income tests and the asset tests. Thus, the Company's proportionate share of the assets, liabilities and items of income of the partnerships in which the Company is a partner, directly or indirectly, will be treated as the assets, liabilities and items of income of the Company for purposes of applying the requirements described herein.

INCOME TESTS. In order to maintain qualification as a REIT, the Company, for taxable years beginning on or after January 1, 1998, must satisfy two gross income requirements annually. First, at least 75% of the Company's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including "rents from real property" and, in certain circumstances, interest) or from certain types of temporary investments (the "75% Test"). Second, at least 95% of the Company's gross income (excluding gross income from "prohibited transactions") for each taxable year must be derived from such real property investments, dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing (the "95% Test" and, together with the 75% Test, the "Gross Income Tests"). For taxable years beginning on or after January 1, 1998, "qualifying income" for purposes of the 95% test, except to the extent provided by regulations, includes payments to the Company under any interest rate swap, cap agreement, option, futures contract, forward rate agreement, or any similar financial instrument entered into by the Company to hedge its indebtedness as well as any gain from the disposition of any of the foregoing instruments.

Rents received by the Company will qualify as "rents from real property" in satisfying the Gross Income Tests only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits derived by any person from the property. However, an amount received or

accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, the Code provides that, for taxable years beginning before August 5, 1997, rents received from a tenant will not qualify as "rents from real property" in satisfying the Gross Income Tests if the REIT, or a direct or constructive owner of 10% or more of the REIT, directly or constructively owns 10% or more of such tenant (a "Related Tenant"). Effective for the Company's taxable years beginning on or after January 1, 1998, the constructive ownership rules for determining whether a tenant is a Related Tenant are modified with respect to partners and partnerships to provide that attribution between partners and partnerships only occurs when a partner owns, directly and/or indirectly, a 25%-or-greater interest in the partnership. Thus, a tenant will not be treated as a Related Tenant with respect to the Company if shares of the Company are owned by a partnership and a partner that owns, directly and indirectly, a less-than-25% interest in such partnership also owns an interest in the tenant. A tenant will also not be a Related Tenant with respect to the Company if shareholders of the Company and owners of such tenant are partners in a partnership in which neither own, directly and/or indirectly, a 25%-or-greater interest in such partnership. Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as "rents from real property." The Company has not and will not (i) charge rent for any property that is based in whole or in part on the income or profits of any person (except by reason of being based on a fixed percentage of receipts or sales, as described above), (ii) rent any property to a Related Party Tenant, or (iii) derive rental income attributable to personal property (other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease). Finally, for rents received to qualify as "rents from real property," the Company generally must not operate or manage the property or furnish or render services to tenants, other than through an "independent contractor" from whom the Company derives no revenue. The "independent contractor" requirement, however, does not apply to the extent the services provided by the Company are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant." The Operating Partnership will provide certain services with respect to the Properties that are intended to comply with the "usually or customarily rendered" requirement. In the case of any services that are not "usual and customary" under the foregoing rules ("Impermissible Services"), the Company intends to employ independent contractors to perform such services.

Pursuant to the Act, the Company for its taxable years beginning on or after January 1, 1998, may render a DE MINIMIS amount of Impermissible Services to tenants, or in connection with the management of a property, without having otherwise qualifying rents from the property being disqualified as "rents from real property." In order to qualify for this DE MINIMIS exception, the value of such Impermissible Services may not exceed 1% of the Company's gross income from the property, and such Impermissible Services may not be valued at less than 150% of the Company's direct cost of such services. Notwithstanding the foregoing, the amount of any income that the Company receives in respect of its performance of impermissible services ("Impermissible Services Income") will not be treated as "rents from real property" for purposes of the Gross Income Tests and, accordingly, must be considered together with other nonqualifying income for purposes of satisfying the Gross Income Tests.

The Operating Partnership may receive fees in consideration of the performance of management and administrative services with respect to Properties that are not owned entirely by the Operating Partnership. Although a portion of such management and administrative fees generally will not qualify under the Gross Income Tests, the Company believes that the aggregate amount of such fees (and any other nonqualifying income) in any taxable year will not cause the Company to exceed the limits on non-qualifying income under the Gross Income Tests.

If the Company fails to satisfy one or both of the Gross Income Tests for any taxable year, it may nevertheless qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions will generally be available if the Company's failure to meet such tests is due to

reasonable cause and not due to willful neglect, the Company attaches a schedule of the sources of its income to its federal income tax return, and any incorrect information on the schedule is not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances the Company would be entitled to the benefit of these relief provisions. As discussed above under "--General," even if these relief provisions were to apply, a tax would be imposed with respect to the excess net income.

SALES OR DISPOSITIONS OF CERTAIN ASSETS. The Company, as a REIT, is generally subject to restrictions that limit its ability to sell real property. The Company is subject to a tax of 100% on its gain (i.e., the excess, if any, of the amount realized over the Company's adjusted basis in the property) from

each sale of property (excluding certain property obtained through foreclosure and property that is involuntarily converted in a transaction that is subject to Code Section 1033) in which it is a dealer. In calculating its gains subject to the 100% tax, the Company is not allowed to offset gains on sales of property against losses on other sales of property in which it is a dealer.

Under the Code, the Company would be deemed to be a dealer in any property that the Company holds primarily for sale to customers in the ordinary course of its business. Such determination is a factual inquiry, and absolute legal certainty of the Company's status generally cannot be provided. However, the Company will not be treated as a dealer in real property if (i) it has held the property for at least four years for the production of rental income, (ii) capitalized expenditures on the property in the four years preceding sale do not exceed 30% of the net selling price of the property, and (iii) the Company either (a) has seven or fewer sales of property (excluding involuntarily converted property subject to Code Section 1033 or certain property obtained through foreclosure) for the year or (b) the aggregate tax bases (as determined for purposes of computing earnings and profits) of property sold during the taxable year is 10% or less of the aggregate tax basis of all assets (as so determined) of the Company as of the beginning of the taxable year and (iv) if the requirement in clause (iii)(a) is not satisfied, substantially all of the marketing and development expenditures with respect to the property sold are made through an independent contractor from whom the Company derives no income. The sale of more than one property to one buyer as part of one transaction constitutes one sale. However, the failure of the Company to meet these "safe harbor" requirements does not necessarily mean that it is a dealer in real property for purposes of the 100% tax.

ASSET TESTS. The Company, at the close of each quarter of its taxable year, must also satisfy three tests relating to the nature of its assets. First, at least 75% of the value of the Company's total assets must be represented by real estate assets (including (i) assets held by the Company or the Company's qualified REIT subsidiaries, and the Company's allocable share of real estate assets held by partnerships in which the Company owns an interest directly and/or indirectly and (ii) stock or debt instruments held for not more than one year purchased with the proceeds of a stock offering or long-term (at least five years) debt offering of the Company), cash, cash items and government securities. Second, not more than 25% of the Company's total assets may be represented by securities other than those in the 75% asset class. Third, of the investments included in the 25% asset class, the value of any one issuer's securities owned by the Company may not exceed (at the end of the quarter in which such securities are acquired) 5% of the value of the Company's total assets and the Company may not own more than 10% of any one issuer's outstanding voting securities.

A REIT which meets the foregoing asset tests at the close of any quarter will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter (including as a result of the REIT increasing its interest in any partnership in which the REIT is a partner), the failure can be cured by disposition of sufficient nonqualifying assets within 30 days after the close of that quarter. The Company intends to maintain adequate records of the value of its assets to ensure compliance with the asset tests and to take such other actions within 30 days after the close of any quarter as may be required to cure any noncompliance. If the Company failed to cure noncompliance within such time period, the Company would cease to qualify as a REIT.

ANNUAL DISTRIBUTION REQUIREMENTS. The Company, in order to qualify as a REIT, is required to distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to (A) the sum of (i) 95% of the Company's "REIT taxable income" (computed without regard to the dividends paid deduction and the Company's net capital gain) and (ii) 95% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. In addition, if the Company disposes of any Built-In Gain Asset during its Recognition Period, the Company will be required, pursuant to Treasury regulations which have not yet been promulgated, to distribute at least 95% of the Built-in Gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the Company timely files its tax return for such prior year and if paid on or before the first regular dividend payment after such declaration. To the extent that the Company does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its "REIT taxable income," as adjusted, it will be subject to tax thereon at regular ordinary and capital gain corporate tax rates. As discussed below, shareholders of the Company for taxable years of the Company beginning on or after January 1, 1998, would receive a tax credit for the corporate level taxes paid by the Company on any undistributed capital gains. See "Taxation of Domestic Shareholders" below. Furthermore, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain income for such year, and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.

As discussed more completely below under "Taxation of Domestic Shareholders," the Company may elect for its taxable years beginning on or after January 1, 1998, to retain any long-term capital gain recognized during a taxable year ("Retained Gains") and pay a corporate level tax on such Retained Gains. The Retained Gains are then considered to have been distributed to holders of Common Stock.

In the opinion of Pryor Cashman Sherman & Flynn LLP, the Company has satisfied the annual distribution requirements for taxable years ended prior to the date of this Prospectus. The Company intends to continue to make timely distributions sufficient to satisfy this annual distribution requirement in the future. In this regard, the partnership agreement of the Operating Partnership authorizes the Company, as general partner, to take such steps as may be necessary to cause the Operating Partnership to distribute to its partners an amount sufficient to permit the Company to meet these distribution requirements. It is possible, however, that the Company, from time to time, may not have sufficient cash or other liquid assets to meet the 95% distribution requirement due to timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of such income and deduction of such expenses in arriving at taxable income of the Company, or if the amount of nondeductible expenses such as principal amortization or capital expenditures exceed the amount of non-cash deductions. In the event that such timing differences occur, in order to meet the 95% distribution requirement, the Company may, or may cause the Operating Partnership to, arrange for short-term, or possibly long-term, borrowing to permit the payment of required dividends. If the amount of nondeductible expenses exceeds non-cash deductions, the Operating Partnership may refinance its indebtedness to reduce principal payments and borrow funds for capital expenditures.

Under certain circumstances, the Company may be able to rectify a failure to meet the distribution requirement for a year by paying to stockholders in a later year "deficiency dividends," which may be included in the Company's deduction for dividends paid for the earlier year. Thus, the Company may be able to avoid being taxed on amounts distributed as deficiency dividends; however, the Company will be required to pay interest to the IRS based upon the amount of any deduction taken for deficiency dividends.

FAILURE TO QUALIFY. If the Company fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, the Company will be subject to tax (including any applicable corporate alternative minimum tax) on its taxable income at regular corporate rates. Such a failure could have an

adverse effect on the market value and marketability of the Offered Securities. Distributions to stockholders in any year in which the Company fails to qualify will not be deductible by the Company nor will they be required to be made. In such event, to the extent of current and accumulated earnings and profits, all distributions to stockholders will be taxable as ordinary income and, subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, the Company will also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances the Company would be entitled to such statutory relief.

TAXATION OF STOCKHOLDERS

TAXATION OF TAXABLE DOMESTIC STOCKHOLDERS. As long as the Company qualifies as a REIT, distributions made to the Company's taxable domestic stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income and will not be eligible for the dividends received deduction for corporations. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed the Company's actual net capital gain for the taxable year) without regard to the period for which the stockholder has held its stock. Pursuant to the Act, the portion of any such capital gain dividends attributable to gain recognized after July 28, 1997 with respect to capital assets held by the Company for more than 18 months on the date of sale will be treated as long-term capital gain taxable to the stockholders at a maximum rate of 20% (or 25% to the extent any such gain arises from the recapture of straight-line depreciation deductions reflected in the basis of real property that has been held by the Company for more than 18 months as of the date of sale), and the portion of such capital gain dividends attributable to gain recognized with respect to property that has been held for more than one year but not more than 18 months will be treated as long-term capital gain taxable to the stockholders at a maximum rate of 28%. However, corporate stockholders may be required to treat up to 20% of certain capital gain dividends as ordinary income.

As indicated above, pursuant to the Act, effective for its taxable years beginning on or after January 1, 1998, the Company may elect to retain its net long term capital gains recognized during a taxable year ("Retained Gains") and pay a corporate-level tax on such Retained Gains. Corporations are currently subject to a maximum 35% tax rate on recognized capital gains. A stockholder

owning shares of the Company's stock on December 31st of a taxable year in which the Company has Retained Gains would be required to include in gross income such stockholder's proportionate share of the Retained Gains (as designated by the Company in a notice mailed to stockholders within the first 60 days of the next year). Each stockholder would be deemed to have paid a proportional share of the amount of tax paid by the Company with respect to the Retained Gains and would be allowed a credit or refund for the tax deemed to be paid by him. Stockholders receiving any such Retained Gains would increase their adjusted basis in their shares of Company stock by an amount equal to the Retained Gains included in their income reduced by the amount of Company tax deemed to have been paid by them.

Distributions (not designated as capital gain dividends) in excess of current and accumulated earnings and profits will not be taxable to a domestic stockholder to the extent that they do not exceed the adjusted basis of the stockholder's shares, but rather will reduce the adjusted basis of such shares. To the extent that such distributions exceed the adjusted basis of a domestic stockholder's shares, they will be included in income as capital gains (provided that the shares have been held as a capital asset). Any such distribution in excess of a stockholder's adjusted basis in his shares of Company stock will be included in income as long-term capital gain subject to a maximum tax rate of 20% if the gain is recognized after July 28, 1997, and the shares have been held for more than 18 months at the time of distribution, long-term capital gain subject to a maximum tax rate of 28% if the shares have been held for more than one year but not more than 18 months as of the time of distribution and short-term capital gain subject to a maximum rate of up to 39.6% if the shares were held for only one year or less. In addition, any dividend declared by the Company in October, November or December of any year payable to a stockholder of record on a specific

date in any such month shall be treated as both paid by the Company and received by the stockholder on December 31 of such year, provided that the dividend is actually paid by the Company during January of the following calendar year. Stockholders may not include in their individual income tax returns any net operating losses or capital losses of the Company.

Distributions made by the Company and gain arising from the sale or exchange by a shareholder of shares of stock will not be treated as passive activity income, and, as a result, shareholders generally will not be able to apply any "passive losses" against such income or gain. Distributions made by the Company (to the extent they do not constitute a return of capital) generally will be treated as investment income for purposes of computing the investment interest limitation. Gain arising from the sale or other disposition of stock, however, will not be treated as investment income unless the stockholder elects to reduce the amount of his total net capital gain eligible for the 28% maximum rate by the amount of the gain with respect to the stock.

Upon any sale or other disposition of stock, a stockholder will recognize gain or loss for federal income tax purposes in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received on such sale or other disposition and (ii) the holder's adjusted basis in such shares of stock for tax purposes. Such gain or loss will be long-term capital gain or loss if the shares have been held for more than one year. In general, any loss upon a sale or exchange of shares of stock by a stockholder who has held such shares for six months or less (after applying certain holding period rules) will be treated a long-term capital loss to the extent that distributions from the Company were treated by such stockholder as long-term capital gain.

BACKUP WITHHOLDING. The Company will report to its domestic stockholders and the IRS the amount of dividends paid during each calendar year, and the amount of tax withheld, if any, with respect thereto. Under the backup withholding rules, a stockholder may be subject to backup withholding at the rate of 31% with respect to dividends paid unless such holder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A stockholder who does not provide the Company with its correct taxpayer identification number may also be subject to penalties imposed by the IRS. Any amount paid as backup withholding generally will be creditable against the stockholder's income tax liability. In addition, the Company may be required to withhold a portion of capital gain distributions made to any stockholders who fail to certify their non-foreign status to the Company. See "--Taxation of Foreign Stockholders" below.

TAXATION OF TAX-EXEMPT STOCKHOLDERS. Based upon published rulings by the IRS, distributions by the Company to a stockholder that is a tax exempt entity will not constitute "unrelated business taxable income" (UBTI"), provided that the tax-exempt entity has not financed the acquisition of its shares with "acquisition indebtedness" within the meaning of the Code and the shares are not otherwise used in an unrelated trade or business of the tax-exempt entity. Similarly, income from the sale of shares of stock will not constitute UBTI, provided that the tax-exempt entity has not financed the acquisition of its

shares with "acquisition indebtedness" within the meaning of the Code and the shares are not otherwise used in an unrelated trade or business of the tax-exempt entity.

For tax-exempt stockholders which are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans, exempt from federal income taxation under Code Sections 501(c)(7), (c)(9), (c)(17) and (c)(20), respectively, income from an investment in the Company will constitute UBTI unless the organization is able to properly deduct amounts set aside or placed in reserve for certain purposes so as to offset the income generated by its investment in the Company. Such prospective investors should consult their own tax advisors concerning these "set-aside" and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a "pension-held REIT" shall be treated as UBTI as to any trust which (i) is described in Code Section 4011(a), (ii) is tax-exempt under Code Section 501(a) and (iii) holds more than 10% (by value) of the interests in the REIT. Tax-exempt pension funds that are described in Code section 401(a) and exempt from tax under Code section 501(a) are referred to below as "qualified trusts."

A REIT is a "pension-held REIT" if (i) it would not have qualified as a REIT but for the fact that Code Section 856(h)(3) provides that stock owned by qualified trusts shall be treated, for purposes of the "not closely held" requirement, as owned by the beneficiaries of the trust (rather than by the trust itself), and (ii) either (a) at least one such qualified trust holds more than 25% (by value) of the interests in the REIT or (b) one or more such qualified trusts, each of whom owns more than 10% (by value) of the interests in the REIT, hold in the aggregate more than 50% (by value) of the interests in the REIT. The percentage of any REIT dividend treated as UBTI is equal to the ration of (i) the UBTI earned by the REIT (treating the REIT as if it were a qualified trust and therefore subject to tax on UBTI) to (ii) the total gross income of the REIT. A DE MINIMIS exception applies where the percentage is less than 5% for any year. The provisions requiring qualified trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is able to satisfy the "not closely held" requirement without relying upon the "look-through" exception with respect to qualified trusts. The Company does not expect to be classified as a "pension-held REIT."

TAXATION OF FOREIGN STOCKHOLDERS. The rules governing U.S. federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other foreign stockholders (collectively, "Non-U.S. Stockholders") are complex, and no attempt will be made herein to provide more than a limited summary of such rules. Prospective Non-US. Stockholders should consult with their tax advisors to determine the impact of U.S. federal, state and local income tax laws with regard to an investment in stock of the Company, including any reporting requirements.

Distributions by the Company to a Non-U.S. Stockholder that are neither attributable to gain from sales or exchanges by the Company of U.S. real property interests and not designated by the Company as capital gain dividends will be treated as dividends of ordinary income to the extent that they are made out of current or accumulated earnings and profits of the Company. Such distributions will ordinarily be subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces that tax. Under certain treaties, lower withholding rates generally applicable to dividends do not apply to dividends from a REIT. However, if income from the investment in the stock is treated as effectively connected with the Non-U.S. Stockholder's conduct of a U.S. trade or business, the Non-U.S. Stockholder generally will be subject to a tax at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such and are generally not subject to withholding. Any such effectively connected distributions received by a Non-U.S. Stockholder that is a corporation may also be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. The Company expects to withhold U.S. income tax at the rate of 30% on the gross amount of any dividends paid to a Non-U.S. Stockholder unless (i) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate is filed with the Company or (ii) the Non-U.S. Stockholder files an IRS Form 4224 with the Company claiming that the distribution is "effectively connected" income.

Distributions in excess of current and accumulated earnings and profits of the Company will not be taxable to a stockholder to the extent that they do not exceed the adjusted basis of the stockholder's shares, but rather will reduce the adjusted basis of such shares. For FIRPTA withholding purposes (discussed below) such distribution will be treated as consideration for the sale or exchange shares of stock. To the extent that such distributions exceed the adjusted basis of a Non-U.S. Stockholder's shares, they will give rise to tax liability if the Non-U.S. Stockholder would otherwise be subject to tax on any gain from the sale or disposition of his shares, as described below. If it cannot be determined at the time a distribution is made whether or not such distribution will be in excess of current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the Non-U.S.

Stockholder may seek a refund of such amounts from the IRS if it is subsequently determined that such distribution was, in fact, in excess of current and accumulated earnings and profits of the Company.

Distributions to a Non-U.S. stockholder that are designed by the Company at the time of distribution as capital gain dividends (other than those arising from the dispositions a U.S. real property interest) generally will not be subject to U.S. federal income taxation unless (i) investment in the stock is effectively connected with the Non-U.S. stockholder's U.S. trade or business, in which case the Non-U.S. stockholder will be subject to the same treatment as U.S. stockholder with respect to such gain (except that a stockholder that is a foreign corporation may also be subject to the 30% branch profits tax, as discussed above), or (ii) the Non-U.S. stockholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the non-resident alien individual will be subject to a 30% tax on the individual's capital gains.

For any year in which the Company qualifies as a REIT, distributions that are attributable to gain from sales or exchanges by the Company of U.S. real property interests will be taxed to a Non-U.S. Stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, these distributions are taxed to a Non-U.S. Stockholder as if such gain were effectively connected with a U.S. business. Thus, Non-U.S. Stockholders would be taxed at the normal capital gain rates applicable to U.S. stockholders (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Stockholder not entitled to treaty relief or exemption. The Company is required by applicable Treasury regulations to withhold 35% of any distribution to a Non-U.S. Stockholder that could be designated by the Company as a capital gain dividend. This amount is creditable against the Non-U.S. Stockholder's United States federal income tax liability. The Company or any nominee (e.g., broker holding shares in street name) may rely on a certificate of Non-U.S. Stockholder status on Form W-8 to determine whether withholding is required on gains realized from the disposition of U.S. real property interests. A U.S. stockholder who holds shares of stock on behalf of a Non-U.S. Stockholder will bear the burden of withholding, provided that the Company has properly designated the appropriate portion of a distribution as a capital gain dividend.

Gain recognized by a Non-U.S. Stockholder upon a sale of stock of a REIT generally will not be taxed under FIRPTA if the REIT is a "domestically controlled REIT," defined generally as a REIT in which at all times during a specified testing period less than 50% in value of the stock was held directly or indirectly by foreign persons. It is currently anticipated that the Company will be a "domestically controlled REIT," and therefore the sale of stock of the Company will not be subject to taxation under FIRPTA. However, because the Common Stock is publicly traded, no assurance can be given that the Company will continue to be a domestically-controlled REIT. Notwithstanding the foregoing, gain not subject to FIRPTA will be taxable to a Non-U.S. Stockholder if (i) investment in the Stock is "effectively connected" with the Non-U.S. Stockholder's U.S. trade or business, in which case the Non-U.S. Stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain (a Non-U.S. Stockholder that is a foreign corporation may also be subject to a 30% branch profits tax, as discussed above), or (ii) the Non-U.S. Stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains. If the gain on the sale of stock were to be subject to taxation under FIRPTA, the Non-U.S. Stockholder would be subject to the same treatment as U.S. stockholders with respect to such gain (subject to applicable alternative minimum tax, possible withholding tax and a special alternative minimum tax in the case of nonresident alien individuals).

If the Company is not or ceases to be, a "domestically-controlled REIT," whether gain arising from the sale or exchange of shares of stock by a Non-U.S. Stockholder would be subject to United States taxation under FIRPTA as a sale of a "United States real property interest" will depend on whether any class of stock of the Company is "regularly traded" (as defined by applicable Treasury regulations) on an established securities market (e.g., the New York Stock Exchange), as is the case with the Common Stock,

and on the size of the selling Non-U.S. Stockholder's interest in the Company. In the case where the Company is not or ceases to be a "domestically-controlled REIT" and any class of stock of the stockholder the Company is "regularly traded" on an established securities market at any time during the calendar year, a sale of shares of that class of stock of the Company by a Non-U.S. Stockholder will only be treated as a sale of a "United States real property interest" (and thus subject to taxation under FIRPTA) if such selling stockholder beneficially owns (including by attribution) more than 5% of the total fair market value of all of the shares of such "regularly traded" class of stock at any time during the five-year period ending either on the date of such

sale or other applicable determination date. To the extent the Company had one or more classes of stock outstanding that were "regularly traded," but the Non-U.S. Stockholder sold shares of a class of stock of the Company that was not "regularly traded," the sale of shares of such letter class would be treated as a sale of a "United States real property interest under the foregoing rule only if the shares of such latter class acquired by the Non-U.S. Stockholder had a total net market value on the date they were acquired that was greater than 5% of the total fair market value of the "regularly traded" class of Company stock having the lowest fair market value (or with respect to a nontraded class of Company stock convertible into a "regularly traded" market value on the date of acquisition of the total fair market value of the "regularly traded' class into which it is convertible. If gain on the sale or exchange of shares of stock were subject to taxation under FIRPTA, the Non U.S. Stockholder would be subject to regular United States income tax with respect to such gain in the same manner as a U.S. Stockholder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals); provided, however, that deductions otherwise allowable will be allowed as deductions only if the tax returns were filed within the time prescribed by law. In general, the purchaser of the stock would be required to withhold and remit to the IRS, 10% of the amount realized by the seller on the sale of such stock.

NEW WITHHOLDING REGULATIONS. Final regulations pertaining to withholding tax on income paid to foreign persons and related matters (the "New Withholding Regulations") were issued by the Treasury Department on October 6, 1997 and published in the Federal Register on October 14, 1997. In general, the New Withholding Regulations do not significantly alter the substantive withholding and information reporting requirements, but unify current certification procedures and forms and clarify reliance standards. For example, the New Withholding Regulations adopt a certification rule which was in the proposed regulations, under which a foreign shareholder who wishes to claim the benefit of an applicable treaty rate with respect to dividends received from a United States corporation will be required to satisfy certain certification and other requirements. In addition, the New Withholding Regulations require a corporation that is a REIT to treat as a dividend the portion of a distribution that is not designated as a capital gain dividend or return of basis and apply the 30% withholding tax (subject to any applicable deduction or exemption) to such portion, and to apply the FIRPTA withholding rules (discussed above) with respect to the portion of the distribution deemed to have been designated by the REIT as capital gain dividend. The New Withholding Regulations will generally be effective for payments made after December 31, 1999, subject to certain transition rules. EXCEPT AS NOTED, THE DISCUSSION SET FORTH ABOVE IN "TAXATION OF FOREIGN SHAREHOLDERS" DOES NOT TAKE THE NEW WITHHOLDING REGULATIONS INTO ACCOUNT. PROSPECTIVE FOREIGN SHAREHOLDERS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE NEW WITHHOLDING REGULATIONS.

OTHER TAX MATTERS

EFFECT ON REIT QUALIFICATION OF TAX STATUS OF OPERATING PARTNERSHIP AND OTHER PARTNERSHIPS. Substantially, all of the Company's investments will be made through the Operating Partnership, which in turn will hold interests in other property partnerships. In general, partnerships are "pass-through" entities which are not subject to federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax thereon, without regard to whether the partners receive a distribution from the partnership. The Company will

include in its income its proportionate share of the foregoing partnership items for purposes of the Gross income Tests in the computation of its REIT taxable income. Moreover, for purposes of the REIT asset tests, the Company will include its proportionate share of assets held by the Operating Partnership. See "--Taxation of the Company as a REIT."

The ownership of an interest in a partnership may involve special tax risks. Such risks include possible challenge by the IRS of (a) allocations of income and expense items, which could affect the computation of income of the Company and (b) the status of the partnerships as partnerships (as opposed to associations taxable as corporations) for income tax purposes. This partnership status risk should be substantially diminished by Treasury regulations issued on December 17, 1996, permitting election of partnership status effective January 1, 1997 by the filing of Form 8823 or in certain other ways specified in the new regulations. With respect to the Company's existing partnership investments, the new regulations provide that (1) previously claimed partnership status, if supported by a reasonable basis for classification, will generally be respected for all periods prior to January 1, 1997; and (2) previously claimed partnership status will generally be retained after January 1, 1997, unless an entity elects to change its status by filing formal election. The Company believes that it has a reasonable basis for the classification of the Operating Partnership and the property partnerships as partnerships for federal income tax purposes and has neither filed does the Company intend to file an election to be treated otherwise. If any of the partnerships, elected to be treated as an association, they would be taxable as a corporations. In such a situation, if the Company's ownership in any of the partnerships exceeded 10% of the partnership's voting interests or the value of such interest exceeded 5% of the value of the

Company's assets, the Company would cease to qualify as a REIT. Furthermore, in such a situation, distributions from any of the partnerships to the Company would be treated as dividends, which are not taken into account in satisfying the 75% Gross Income Test described above and which could make it more difficult for the Company to meet the 75% asset test described above. Finally, in such a situation, the Company would not be able to deduct its share of losses generated by the partnerships in computing its taxable income. See "Taxation of the Company as a REIT--"Failure to Qualify" above for a discussion of the effect of the Company's failure to meet such tests for a taxable year. The Company believes that each of the partnerships have been and will continue to be treated for tax purposes as a partnership (and not as an association taxable as a corporation). No assurance can be given that the IRS may not successfully challenge the tax status of any of the partnerships.

PARTNERSHIP ALLOCATIONS. Although a partnership agreement will generally determine the allocation of income and loss among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of Code Section 704(b) and the Treasury regulations promulgated thereunder. Generally, Code Section 704(b) and the Treasury regulations promulgated thereunder require that partnership allocations respect the economic arrangement of the partners.

If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of Code Section 704b) and the Treasury regulations promulgated thereunder.

The Partnership Agreement provides that net income or net loss of the Operating Partnership will generally be allocated to the Company and the limited partners in accordance with their respective percentage interests in the Operating Partnership. In addition, allocations of net income or net loss will be subject to compliance with provisions of Code Sections 704(b) and 704(c) and the Treasury regulations promulgated thereunder.

TAX ALLOCATIONS WITH RESPECT TO CONTRIBUTED PROPERTIES. Pursuant to Section 704(c) of the Code, income, gain, loss, and deduction attributable to appreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for federal income tax purposes in a

manner ensuring that the contributor is charged with the unrealized gain associated with the property at the time of the contribution. The amount of such unrealized gain is generally equal to the difference between the fair market values of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution (the "Book-Tax Difference"). In general, the fair market value of certain Properties (or interests in partnerships holding certain Properties) contributed to the Operating Partnership are substantially in excess of their adjusted tax bases. The partnership agreements of the Operating Partnership and other partnerships controlled by the Operating Partnership and/or the Company require that allocations attributable to each item of contributed property be made so as to allocate the tax depreciation available with respect to such property first to the partners other than the partner that contributed the property, to the extent of, and in proportion to, their book depreciation, and then, if any tax depreciation remains, to the partner that contributed the property. Upon the disposition of any item of contributed property, any gain attributable to an excess, at such time, of basis for book purposes over basis for tax purposes would be allocated for tax purposes to the contributing partner. These allocations are intended to be consistent with the Treasury regulations under Section 704(c) of the Code.

In general, certain persons who acquired interests in the Operating Partnership in connection with the contribution of property (including interests in other partnerships) to the Operating Partnership are allocated disproportionately lower amounts of depreciation deductions for tax purposes relative to their percentage interests in the Operating Partnership, and disproportionately greater shares relative to their percentage interests in the Operating Partnership of the taxable income and gain on the sale by the Partnerships of one or more of the contributed properties. These tax allocations will tend to reduce or eliminate the Book-Tax Difference over the life of the partnerships. The partnership agreements of the Operating Partnership and other partnerships that it controls adopt the "traditional method" of making allocations under Section 704(c) of the Code, unless otherwise agreed to between the Company and the contributing partner. Under the traditional method the amounts of the special allocations of depreciation and gain under the special rules of Section 704(c) of the Code have been and will continue to be limited by the so-called "ceiling rule" which will not always eliminate the Book-Tax Difference on an annual basis or with respect to a specific transaction such as a sale. Thus, the carryover basis of the contributed assets in the hands of the partnerships will cause the Company to be allocated less depreciation than would be available for newly purchased properties. As a result, the Company will be

required to distribute more dividends in order to satisfy a 95% distribution requirement than it would have had the Company purchased the assets for cash in a taxable transaction. See "Annual Distribution Requirements" above for a discussion of distributions requirements. In addition, the amount of tax-free return of capital to each domestic stockholder will be less than the amount such Stockholder would have realized had the Company purchased assets for cash in a taxable transaction.

BASIS IN OPERATING PARTNERSHIP INTEREST. The Company's adjusted tax basis in its interest in the operating Partnership generally (i) will be equal to the amount of cash and the basis of any other property contributed to the Operating Partnership by the Company, (ii) will be increased by (a) its allocable share of the Operating Partnership's income and (b) its allocable share of indebtedness of the Operating Partnership and (iii) will be reduced, but not below zero, by the Company's allocable share of (a) losses suffered by the Operating Partnership, (b) the amount of cash distributed to the Company and (c) by constructive distributions resulting from a reduction in the Company's share of indebtedness of the Operating Partnership.

If the allocation of the Company's distributive share of the Operating Partnership's loss exceeds the adjusted tax basis of the company's partnership interest in the Operating Partnership, the recognition of such excess loss will be deferred until such time and to the extent that the Company has adjusted tax basis in its interest in the Operating Partnership. To the extent that the Operating Partnership's distributions, or any decrease in the Company's share of the indebtedness of the Operating partnership (such decreases being considered a constructive cash distribution to the partners), exceeds the Company's adjusted tax basis, such excess distributions (including such constructive distributions) will constitute taxable income to

the Company. Such taxable income will normally be characterized as a capital gain, and if the Company's interest in the Operating Partnership has been held for longer than the long-term capital gain holding period (currently one year), such distributions and constructive distributions) will constitute taxable income to the Company.

STATE AND LOCAL TAXES. The Company and its stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of the Company and its stockholders may not conform to the federal income tax consequences discussed above. Consequently, prospective investors should consult their own tax advisors regarding the effect of state and local tax laws on an investment in the Offered Securities.

PLAN OF DISTRIBUTION

The Company may sell the Offered Securities to one or more underwriters for public offering and sale by them or may sell the Offered Securities to investors directly or through agents. Any such underwriter or agent involved in the offer and sale of the Offered Securities will be named in the applicable Prospectus Supplement.

Underwriters may offer and sell the Offered Securities at a fixed price or prices, which may be changed, at prices related to the prevailing market prices at the time of sale or at negotiated prices. The Company also may, from time to time, authorize underwriters acting as the Company's agents to offer and sell the Offered Securities upon the terms and conditions as are set forth in the applicable Prospectus Supplement. In connection with the sale of Offered Securities, underwriters may be deemed to have received compensation from the Company in the form of underwriting discounts or commissions and may also receive commissions from any entity for whom they may act as agent. Underwriters may sell Offered Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent.

Any underwriting compensation paid by the Company to underwriters or agents in connection with the offering of Offered Securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be set forth in the applicable Prospectus Supplement. Underwriters, dealers and agents participating in the distribution of the Offered Securities may be deemed to be underwriters, and any discounts, concessions and commissions received by them and any profit realized by them on resale of the Offered Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with the Company, to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act.

If so indicated in the applicable Prospectus Supplement, the Company will authorize dealers acting as the Company's agents to solicit offers by certain institutions to purchase Offered Securities from the Company at the public offering price set forth in such Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for payment and delivery on the date

or dates stated in such Prospectus Supplement. Each Contract will be for an amount not less than, and the aggregate principal amount of Offered Securities sold pursuant to Contracts shall be not less nor more than, the respective amounts stated in the applicable Prospectus Supplement. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions but will in all cases be subject to the approval of the Company. Contracts will not be subject to any conditions except (i) the purchase by an institution of the Offered Securities covered by its Contracts shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject, and (ii) if the Offered Securities are being sold to underwriters, the Company shall have sold to

such underwriters the total principal amount of the Offered Securities less the principal amount thereof covered by Contracts.

Certain of the underwriters and their affiliates may be customers of, engage in transactions with and perform services for the Company and its subsidiaries in the ordinary course of business.

EXPERTS

The financial statements of the Operating Partnership as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997 included in this Prospectus have been so included in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. The financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K of the Company for the year ended December 31, 1997, have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. The financial statements incorporated in this Prospectus by reference to the Current Reports on Form 8-K of the Company, dated September 18, 1997 and January 16, 1998, respectively, have been so incorporated in reliance on the reports of Schonbraun Safris McCann Bekritsky & Co., L.L.C., independent accountants, given on the authority of said firm as experts in auditing and accounting. The financial statements of The Mack Group incorporated in this Prospectus by reference to the Company's Proxy Statement, dated November 10, 1997, except as they relate to the unaudited nine-month periods ended September 30, 1997 and 1996 and except as they relate to Patriot American Office Group, have been audited by Price Waterhouse LLP, independent accountants, and, insofar as they relate to Patriot American Office Group, by Ernst & Young LLP, independent auditors. Such financial statements have been so incorporated in reliance on the reports of such independent accountants given on the authority of such firms as experts in auditing and accounting. The financial statements for Prudential Business Campus and for Morris County Financial Center incorporated in this Prospectus by reference to the Current Report on Form 8-K of the Company, dated June 12, 1998 have been so incorporated in reliance on the reports of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. The financial statements, except for Prudential Business Campus and Morris County Financial Center, incorporated in this Prospectus by reference to the Current Reports on Form 8-K of the Company, dated June 12, 1998 have been so incorporated in reliance on the reports of Schonbraun Safris McCann Bekritsky & Co., L.L.C., independent accountants, given on the authority of said firm as experts in auditing and accounting.

LEGAL MATTERS

Certain legal matters in connection with the Offered Securities as well as certain legal matters described under "Certain United States Federal Income Tax Considerations to the Company of its REIT Election" will be passed upon for the Company by Pryor Cashman Sherman & Flynn LLP, New York, New York. Certain legal matters relating to Maryland law, including the validity of the issuance of certain of the securities registered hereby, will be passed upon for the Company by Ballard Spahr Andrews & Ingersoll, LLP, Baltimore, Maryland.

MACK-CALI REALTY, L.P.
INDEX TO FINANCIAL STATEMENTS, SCHEDULES AND OTHER INFORMATION

<TABLE>
<CAPTION>

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of
Mack-Cali Realty, L.P.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in partners' capital and of cash flows, including financial statement Schedule III, present fairly, in all material respects, the financial position of Mack-Cali Realty, L.P. and its subsidiaries at December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. These financial statements and schedules are the responsibility of the Operating Partnership's management; our responsibility is to express an opinion on these financial statements and schedule based on our audits. We conducted our audits of these statements and schedule in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP

New York, New York
February 26, 1998

MACK-CALI REALTY, L.P.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

<TABLE>
<CAPTION>

	MARCH 31, 1998	DECEMBER 31, 1997	DECEMBER 31, 1996
	(UNAUDITED)		
<S>	<C>	<C>	<C>
ASSETS			
Rental property			
Land	$ 461,368	$ 374,242	$ 98,127
Buildings and improvements	2,567,225	2,206,462	718,466
Tenant improvements	50,708	44,596	35,626
Furniture, fixtures and equipment	4,650	4,316	1,133
</TABLE>

	3,083,951	2,629,616	853,352
Less--accumulated depreciation and amortization	(118,567)	(103,133)	(68,610)
Total rental property	2,965,384	2,526,483	784,742
Cash and cash equivalents (includes $201,269 in overnight investments at December 31, 1996)	11,717	2,704	204,807
Investment in partially-owned entity	18,034	--	--
Unbilled rents receivable	30,641	27,438	19,705
Deferred charges and other assets, net	21,672	18,989	11,840
Restricted cash	6,791	6,844	3,160
Accounts receivable, net of allowance for doubtful accounts of $493, $327 and $189	3,826	3,736	2,074
Mortgage notes receivable	27,250	7,250	--
Total assets	$ 3,085,315	$2,593,444	$1,026,328
LIABILITIES AND PARTNERS' CAPITAL			
Mortgages and loans payable	$ 1,207,592	$ 972,650	$ 268,010
Distributions payable	35,139	28,089	17,554
Accounts payable and accrued expenses	31,510	31,136	5,068
Rents received in advance and security deposits	29,651	21,395	6,025
Accrued interest payable	1,935	3,489	1,328
Total liabilities	1,305,827	1,056,759	297,985
Commitments and contingencies			
Partners' Capital:			
Preferred units, 232,401, 230,562 and 0 units outstanding	238,377	236,491	--
Common Units:			
General partner, 55,835,686, 49,856,289 and 36,318,937 units outstanding	1,374,658	1,157,440	701,379
Limited partners, 6,789,352, 6,097,477 and 2,689,945 units outstanding	157,929	134,230	26,964
Unit warrants, 2,000,000, 2,000,000 and 0 outstanding	8,524	8,524	--
Total partners' capital	1,779,488	1,536,685	728,343
Total liabilities and partners' capital	$ 3,085,315	$2,593,444	$1,026,328

</TABLE>

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

MACK-CALI REALTY, L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1998	1997	1997	1996	1995
	(UNAUDITED)				
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES					
Base rents	$ 92,916	$ 42,791	$ 206,215	$ 76,922	$ 50,808
Escalations and recoveries from tenants	10,357	6,612	31,130	14,429	9,504
Parking and other	2,006	1,544	6,910	2,204	1,702
Interest income	544	1,208	5,546	1,917	321
Total revenues	105,823	52,155	249,801	95,472	62,335
EXPENSES					
Real estate taxes	10,073	5,433	25,992	9,395	5,856
Utilities	8,301	3,725	18,246	8,138	6,330
Operating services	12,693	6,416	30,912	12,129	8,519

General and administrative.....	6,196	3,173	15,862	5,800	3,712
Depreciation and amortization.....	16,231	7,493	36,825	14,731	10,655
Interest expense.....	18,480	7,820	39,078	13,758	10,117
Non-recurring merger--related charges.....	--	--	46,519	--	--
Total expenses.....	71,974	34,060	213,434	63,951	45,189
Income before gain on sale of rental property and extraordinary item.....	33,849	18,095	36,367	31,521	17,146
Gain on sale of rental property.....	--	--	--	5,658	--
Income before extraordinary item.....	33,849	18,095	36,367	37,179	17,146
Extraordinary item--loss on early retirement of debt.....	--	--	(3,985)	(561)	--
Net income.....	33,849	18,095	32,382	36,618	17,146
Preferred unit distributions.....	(3,911)	--	(888)	--	--
Beneficial conversion feature.....	--	--	(29,361)	--	--
Net income available to common unitholders...	$ 29,938	$ 18,095	$ 2,133	$ 36,618	$ 17,146
BASIC EARNINGS PER UNIT:					
Income before extraordinary item.....	$ 0.52	$ 0.45	$ 0.14	$ 1.76	$ 1.23
Extraordinary item.....	--	--	(0.09)	(0.03)	--
Net income.....	$ 0.52	$ 0.45	$ 0.05	$ 1.73	$ 1.23
DILUTED EARNINGS PER UNIT:					
Income before extraordinary item.....	$ 0.51	$ 0.44	$ 0.14	$ 1.74	$ 1.22
Extraordinary item.....	--	--	(0.09)	(0.03)	--
Net income.....	$ 0.51	$ 0.44	$ 0.05	$ 1.71	$ 1.22
Distributions declared per common unit.....	$ 0.50	$ 0.45	$ 1.90	$ 1.75	$ 1.66
Basic weighted average units outstanding.....	57,933	40,085	43,356	21,172	13,986
Diluted weighted average units outstanding...	58,682	40,817	44,156	21,436	14,041

</TABLE>

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

MACK-CALI REALTY, L.P.

CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' CAPITAL
(IN THOUSANDS)

<TABLE>
<CAPTION>

	PREFERRED UNITS	GENERAL PARTNER UNITS	LIMITED PARTNER UNITS	PREFERRED UNITHOLDER	GENERAL PARTNER	LIMITED PARTNER	UNIT WARRANTS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1995....	--	10,500	2,802	$ --	$ 108,311	$ 28,903	$ --	$ 137,214
Net income.....	--	--	--	--	13,638	3,508	--	17,146
Distributions.....	--	--	--	--	(19,238)	(4,730)	--	(23,968)
Contributions--Net proceeds from common stock offering.....	--	4,600	--	--	83,594	--	--	83,594
Issuance of units in connection with acquisitions.....	--	--	94	--	--	1,500	--	1,500
Purchase of treasury units.....	--	(100)	--	--	(1,595)	--	--	(1,595)
Conversion of units to shares of common stock....	--	105	(105)	--	1,098	(1,098)	--	--
Balance at December 31, 1995.....	--	15,105	2,791	--	185,808	28,083	--	213,891
Net income.....	--	--	--	--	31,944	4,674	--	36,618
Distributions.....	--	--	--	--	(37,666)	(4,720)	--	

(42,386)									
Contributions -Net proceeds from common stock offerings.....	--	20,987	--	--	518,219	--	--		
518,219									
Conversion of units to shares of common stock....	--	101	(101)	--	1,073	(1,073)	--	--	
Contributions--Proceeds from stock options exercised...	--	126	--	--	2,001	--	--		
2,001									
Balance at December 31, 1996.....	--	36,319	2,690	--	701,379	26,964	--		
728,343									
Net income.....	--	--	--	30,249	1,405	728	--		
32,382									
Distributions.....	--	--	--	(888)	(76,311)	(7,790)	--		
(84,989)									
Contributions -Net proceeds from common stock offering.....	--	13,000	--	--	489,116	--	--		
489,116									
Issuance of Stock Award Rights and Stock Purchase Rights.....	--	351	--	--	12,526	--	--		
12,526									
Issuance of Preferred Units.....	231	--	236,491	--	--	--	236,491		
Beneficial conversion feature.....	--	--	--	(29,361)	26,801	2,560	--	--	
Issuance of units in connection with acquisitions.....	--	--	3,408	--	--	111,785	--		
111,785									
Issuance of 2,000,000 unit warrants.....	--	--	--	--	--	--	8,524		
8,524									
Purchase of treasury units.....	--	(152)	--	--	(4,680)	--	--		
(4,680)									
Conversion of units to shares of common stock....	--	1	(1)	--	17	(17)	--		
Contributions--Proceeds from stock options exercised...	--	337	--	--	7,187	--	--		
7,187									
Balance at December 31, 1997.....	231	49,856	6,097	236,491	1,157,440	134,230	8,524		
1,536,685									
Net Income.....	--	--	--	3,911	26,543	3,395	--		
33,849									
Distributions.....	--	--	--	(3,911)	(27,961)	(3,267)	--		
(35,139)									
Contributions--Net proceeds from common stock offerings.....	--	5,856	--	--	215,784	--	--		
215,784									
Issuance of units in connection with acquisitions.....	--	--	734	--	--	25,185	--		
25,185									
Conversion of units to shares of common stock....	--	22	(22)	--	848	(848)	--	--	
Purchase of treasury units.....	--	--	(20)	--	--	(766)	--		
(766)									
Contributions--Proceeds from stock options excercised.....	--	102	--	--	2,004	--	--		
2,004									
Issuance of Preferred Units.....	2	--	--	1,886	--	--	--		
1,886									
Balance at March 31, 1998 (Unaudited).....	233	55,836	6,789	$238,377	$1,374,658	$157,929	$ 8,524		
$1,779,488									

</TABLE>

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

MACK-CALI REALTY, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
<S>	<C> 1998	<C> 1997	<C> 1997	<C> 1996	<C> 1995
	(UNAUDITED)				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	$ 33,849	$ 18,095	$ 32,382	$ 36,618	$ 17,146
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	16,231	7,493	36,825	14,731	10,655
Amortization of deferred financing costs	254	271	983	1,081	1,456
Amortization of stock compensation	--	--	12,526	--	--
Gain on sale of rental property	--	--	--	(5,658)	--
Extraordinary item-loss on early retirement of debt	--	--	3,985	561	--
Changes in operating assets and liabilities:					
Increase in unbilled rents receivable	(3,203)	(1,606)	(7,733)	(979)	(312)
Increase in deferred charges and other assets, net	(3,790)	(1,665)	(9,507)	(4,335)	(1,678)
Increase in accounts receivable, net	(34)	(1,508)	(1,663)	(629)	(99)
Increase in accounts payable and accrued expenses	374	6,585	17,569	1,823	35
Increase in rents received in advance and security deposits	8,256	4,827	10,614	2,911	878
(Decrease) increase in accrued interest payable	(1,554)	(954)	2,161	699	365
Net cash provided by operating activities	$ 50,383	$ 31,538	$ 98,142	$ 46,823	$ 28,446
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to rental property	$ (406,659)	$ (230,429)	$ (928,974)	$ (318,145)	$ (133,489)
Issuance of mortgage note receivable	(20,000)	(11,600)	(11,600)	--	--
Proceeds from sale of rental property	--	--	--	10,324	--
Investment in partially-owned entity	(18,034)	--	--	--	--
Decrease (increase) in restricted cash	53	(170)	1,073	69	(247)
Net cash used in investing activities	$ (444,640)	$ (242,199)	$ (939,501)	$ (307,752)	$ (133,736)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from mortgages and loans payable	$ 419,851	$ 47,195	$ 669,180	$ 272,113	$ 60,402
Repayments of mortgages and loans payable	(205,514)	(19,299)	(442,185)	(294,819)	(20,702)
Payment of financing costs	--	--	(3,095)	--	(102)
Debt prepayment premiums and other costs	--	--	(1,812)	(312)	--
Purchase of treasury units	(766)	--	(4,680)	--	(1,595)
Contributions--net proceeds from common stock offerings	215,784	--	489,116	518,219	

83,594					
Contributions--proceeds from stock options exercised...	2,004	2,297	7,187	2,001	--
Payment of distributions.....	(28,089)	(17,554)	(74,455)	(32,433)	(21,734)
Net cash provided by financing activities.....	$ 403,270	$ 12,639	$ 639,256	$ 464,769	$ 99,863
Net increase (decrease) in cash and cash equivalents...	$ 9,013	$ (198,022)	$ (202,103)	$ 203,840	$ (5,427)
Cash and cash equivalents, beginning of period.....	2,704	204,807	204,807	967	6,394
Cash and cash equivalents, end of period.....	$ 11,717	$ 6,785	$ 2,704	$ 204,807	$ 967

</TABLE>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty, L.P. (formerly Cali Realty, L.P.), a Delaware limited partnership, and subsidiaries (the "Operating Partnership"), was formed on August 31, 1994 to conduct the business of leasing, management, acquisition, development, construction, and tenant-related services for its sole general partner, Mack-Cali Realty Corporation (the "Company" or "General Partner") and subsidiaries. The Operating Partnership, through its operating divisions and subsidiaries, is the entity through which all of the Company's operations are conducted.

The Company is a fully-integrated, self-administered, self-managed real estate investment trust ("REIT"). The Company controls the Operating Partnership as the sole general partner, and at December 31, 1997 owned an 89.1% common unit interest in the Operating Partnership.

The Company's business is the ownership of interests in and operation of the Operating Partnership and all of the Company's expenses are incurred for the benefit of the Operating Partnership. The Company is reimbursed by the Operating Partnership for all expenses it incurs relating to the ownership and operation of the Operating Partnership.

The Operating Partnership owns a 99 percent to 100 percent interest (either directly or as a limited partner with control pursuant to an agreement with the general partners of the property partnerships) in the Properties. At March 31, 1998, the Operating Partnership owned 227 properties and had a significant equity interest in another property (collectively, the "Properties"). The Properties aggregate approximately 25.2 million square feet, and are comprised of 216 office and office/flex buildings totaling approximately 24.8 million square feet, six industrial/warehouse buildings totaling approximately 387,000 square feet, two multi-family residential complexes consisting of 453 units, two stand-alone retail properties and two land leases. The Properties are located in 11 states, primarily in the Northeast and Southwest.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include all accounts of the Operating Partnership and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. See investment in Partially-owned Entity in Note 2 for the Operating Partnership's treatment of unconsolidated partnership interests.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

RENTAL PROPERTY

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition and development of rental properties are capitalized. Capitalized development costs include interest, property taxes, insurance and other project costs incurred during the period of construction. Ordinary repairs and maintenance are expensed as incurred; major replacements and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
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.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets as follows:

<TABLE>
<S> <C>
Buildings and improvements..... 5 to 40 years
Tenant improvements..... The shorter of the term of the related lease or useful life
Furniture, fixtures and equipment.... 5 to 10 years
</TABLE>

On a periodic basis, management assesses whether there are any indicators that the value of the real estate 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 are less than the carrying value of the property. Management does not believe that the value of any of its rental properties is impaired.

INVESTMENT IN PARTIALLY-OWNED ENTITY

The Operating Partnership acquired a 50 percent interest in an office property in March 1998. The Operating Partnership accounts for its investment in a partially-owned entity under the equity method of accounting as the Operating Partnership exercises significant influence. This investment is recorded initially at cost, as Investment in Partially-owned Entity, and subsequently adjusted for net equity in income (loss) and cash contributions and distributions.

CASH AND CASH EQUIVALENTS

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. At December 31, 1996, cash and cash equivalents included investments in overnight reverse repurchase agreements ("Overnight Investments") totaling $201,269. Investments in Overnight Investments are subject to the risks that the counter-party will default and the collateral will decline in market value. The Overnight Investments held by the Operating Partnership at December 31, 1996 matured on January 2, 1997. The entire balance, including interest income earned, was realized by the Operating Partnership and ultimately used in the funding of the RM Transaction on January 31, 1997 (see Note 3).

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 are included in interest expense and was $254, $271, $983, $1,081 and $1,456 for the three months ended March 31, 1998 and 1997, and for the years ended December 31, 1997, 1996 and 1995, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
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 Operating Partnership provide leasing services to the Properties and receive fees as compensation ranging from 0.667 percent to 2.667 percent of adjusted rents. For the three months ended March 31, 1998 and 1997, and for the years ended December 31, 1997, 1996 and 1995, such fees, which are capitalized and amortized, approximated $577, $206, $761, $490 and $575, respectively.

REVENUE RECOGNITION

The Operating Partnership recognizes base rental revenue 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. Parking revenue includes income from parking spaces leased to tenants. Rental income on multi-family residential property under operating leases having terms generally of one year or less is recognized when earned.

The Operating Partnership receives reimbursements 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).

INCOME AND OTHER TAXES

The Operating Partnership is a partnership and, as a result, all income and losses of the Operating Partnership are allocated to the partners for inclusion in their respective income tax returns. Accordingly, no provision or benefit for income taxes has been made in the accompanying financial statements.

As of December 31, 1997, the net basis of the rental property for Federal income tax purposes, was lower than the net assets as reported in the Operating Partnership's consolidated financial statements by approximately $851,000. The Operating Partnership's taxable income for the years ended December 31, 1997, 1996 and 1995 was approximately $68,800, $34,558, and $20,639, respectively. The differences between book income and taxable income primarily result from differences in depreciation expense, the recording of rental income, the nondeductibility of certain expenses for tax purposes, differences in revenue recognition and the rules for tax purposes of a property exchange and issuance of preferred convertible partnership units.

INTEREST RATE CONTRACTS

Interest rate contracts are utilized by the Operating Partnership to reduce interest rate risks. The Operating Partnership does not hold or issue derivative financial instruments for trading purposes.

The differentials to be received or paid under contracts designated as hedges are recognized in income over the life of the contracts as adjustments to interest expense. Gains and losses are deferred and amortized to interest expense over the remaining life of the associated debt to the extent that such debt remains outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
EARNINGS PER UNIT

In accordance with Statement of Financial Accounting Standards No. 128 ("FASB No. 128") the Operating Partnership presents both basic and diluted earnings per unit ("EPU"). Basic EPU excludes dilution and is computed by dividing net income available to common unitholders by the weighted average number of units outstanding for the period. Diluted EPU reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units, where such exercise or conversion would result in a lower EPU amount.

DISTRIBUTIONS PAYABLE

The distributions payable at March 31, 1998 represents distributions payable to common unitholders of record on April 3, 1998 (62,711,377 common units) and preferred distributions payable to preferred unitholders (232,401 preferred units) for the first quarter 1998. The first quarter 1998 common unit distributions of $0.50 per common unit, as well as the first quarter preferred unit distribution of $16.875 per preferred unit, were approved by the General Partner on March 18, 1998 and were paid on April 21, 1998.

The distributions payable at December 31, 1997 represent distributions payable to common unitholders of record on January 5, 1998 (55,953,766 common units) and preferred distributions to preferred unitholders (230,562 preferred units) for the fourth quarter 1997. The fourth quarter 1997 common unit distribution of $0.50 per common unit (pro-rated for units issued during the

quarter), as well as the pro-rated fourth quarter preferred unit distribution aggregating $888, were approved by the General Partner on December 17, 1997 and were paid on January 16, 1998.

EXTRAORDINARY ITEM

Extraordinary item represents the effect of the early settlement of certain debt obligations, net of write-offs of related deferred financing costs, prepayment penalties, yield maintenance payments and other related items.

UNDERWRITING COMMISSIONS AND COSTS

Underwriting commissions and costs incurred in connection with the Company's stock offerings are reflected as a reduction of additional paid-in-capital.

STOCK OPTIONS

Stock-based compensation is accounted for 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 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, if any, 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 for the Company's stock option plans. The Operating Partnership provides additional pro

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
forma disclosures as required under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FASB No. 123"). See Note 8 for discussion of Stock Compensation.

NON-RECURRING CHARGES

The Operating Partnership considers non-recurring charges as costs incurred specific to significant non-recurring events that would materially distort the comparative measurement of the Operating Partnership's performance.

UNAUDITED FINANCIAL STATEMENTS

The consolidated financial statements including the note disclosures included herein as of March 31, 1998 and for the three months ended March 31, 1998 and 1997 are unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements for these interim periods have been included. The results for the interim periods are not necessarily indicative of the results to be obtained for the full fiscal year.

3. ACQUISITIONS/TRANSACTIONS

In 1995, the Operating Partnership acquired 27 office and office/flex properties totaling approximately 1.6 million square feet for a total cost of approximately $150,630. The acquired properties are all located in New Jersey and New York.

In 1996, the Operating Partnership acquired 15 office properties and completed construction on two office/flex properties totaling approximately 3.4 million square feet for a total cost of approximately $451,623. The acquired and constructed properties are all located in New Jersey and Pennsylvania. Concurrently with the acquisition of 103 Carnegie Center in Princeton, Mercer County, New Jersey, the Operating Partnership sold its office building at 15 Essex Road in Paramus, Bergen County, New Jersey ("Essex Road"). The concurrent transactions with unrelated parties qualified as a tax-free exchange, as the Operating Partnership used subsequently all of the proceeds from the sale of Essex Road to acquire 103 Carnegie Center.

On January 28, 1997, the Operating Partnership acquired 1345 Campus Parkway ("1345 Campus"), a 76,300 square foot office/flex property, located in Wall Township, Monmouth County, New Jersey, for approximately $6,729 in cash, made available from the Operating Partnership's cash reserves. The property is located in the same office park in which the Operating Partnership previously acquired two office properties and four office/flex properties in November 1995.

On January 31, 1997, the Operating Partnership acquired 65 properties ("RM Properties") from Robert Martin Company, LLC and affiliates ("RM") for a total cost of approximately $450,000. The cost of the transaction (the "RM Transaction") was financed through the assumption of $185,283 of mortgage

indebtedness ("TIAA Mortgage"), the payment of approximately $220,000 in cash, substantially all of which was obtained from the Operating Partnership's cash reserves, and the issuance of 1,401,225 common units, valued at $43,788.

3. ACQUISITIONS/TRANSACTIONS (CONTINUED)

The RM Properties consist primarily of 54 office and office/flex properties aggregating approximately 3.7 million square feet and six industrial/warehouse properties aggregating approximately 387,000 square feet. The RM Properties are located primarily in established business parks in Westchester County, New York and Fairfield County, Connecticut. The Operating Partnership has agreed not to sell certain of the RM Properties for a period of seven years without the consent of the RM principals, except for sales made under certain circumstances and/or conditions.

In connection with the RM Transaction, the Operating Partnership was granted a three-year option to acquire two properties (the "Option Properties"), under certain conditions, one of which was acquired in 1997 (see below). The purchase price for the remaining Option Property, under the agreement, is subject to adjustment based on different formulas and is payable in cash or common units.

In connection with the RM Transaction, the Operating Partnership holds a $7,250 mortgage loan ("Mortgage Note Receivable") secured by the remaining Option Property (see Note 6).

On May 8, 1997, the Operating Partnership acquired four buildings in the Westlakes Office Park ("Westlakes"), a suburban office complex located in Berwyn, Chester County, Pennsylvania, totaling approximately 444,350 square feet. The properties were acquired for a total cost of approximately $74,700, which was made available primarily from drawing on one of the Operating Partnership's credit facilities.

On July 21, 1997, the Operating Partnership acquired two vacant office buildings in the Moorestown Corporate Center, a suburban office complex located in Moorestown, Burlington County, New Jersey. The properties, each consisting of 74,000 square feet, were acquired for a total cost of approximately $10,200, which was made available from drawing on one of the Operating Partnership's credit facilities.

On August 1, 1997, the Operating Partnership acquired 1000 Bridgeport Avenue ("Shelton Place"), a 133,000 square-foot office building located in Shelton, Fairfield County, Connecticut. The property was acquired for approximately $15,787, which was made available from drawing on one of the Operating Partnership's credit facilities.

On August 15, 1997, the Operating Partnership acquired one of the Option Properties, 200 Corporate Boulevard South ("200 Corporate"), an 84,000 square-foot office/flex building located in Yonkers, Westchester County, New York. The property was acquired for approximately $8,078 through the exercise of a purchase option obtained in connection with the RM Transaction. The acquisition cost, net of the mortgage prepayment described below, was financed from the Operating Partnership's cash reserves.

In conjunction with the acquisition of 200 Corporate, the sellers of the property, certain RM principals, prepaid $4,350 of the $11,600 Mortgage Note Receivable between the Operating Partnership and such RM principals (See Note 6).

On September 3, 1997, the Operating Partnership acquired Three Independence Way ("Three Independence"), a 111,300 square-foot office property located in South Brunswick, Middlesex County, New Jersey. The property was acquired for approximately $13,388, which was made available from drawing on one of the Operating Partnership's credit facilities.

On November 19, 1997, the Operating Partnership acquired 1000 Madison Avenue ("The Trooper Building"), a 100,655 square-foot office building located in Lower Providence Township, Montgomery

3. ACQUISITIONS/TRANSACTIONS (CONTINUED)

County, Pennsylvania. The property was acquired for approximately $14,271, which was made available from the Operating Partnership's cash reserves.

On December 11, 1997, the Operating Partnership acquired 54 office properties (the "Mack Properties") from the Mack Company and Patriot American

Office Group (the "Mack Transaction"), pursuant to a Contribution and Exchange Agreement (the "Agreement"), for a total cost of approximately $1,102,024.

The Mack Properties consist of 54 office properties comprising a total of approximately 9.2 million net rentable square feet, ranging from approximately 40,000 to 475,100 square feet. The Mack Properties are located primarily in the Northeast and Southwest, with a concentration of properties located in Northern New Jersey (25 properties compromising approximately 4.8 million square feet), Texas (17 properties comprising approximately 2.5 million square feet) and Arizona (four properties comprising 485,000 square feet).

The total cost of the Mack Transaction was financed as follows: (i) $498,757 in cash made available from the Operating Partnership's cash reserves and from the $200,000 Prudential Term Loan (See Note 7), (ii) $291,879 in debt assumed by the Operating Partnership (the "Mack Mortgages"), (iii) the issuance of 1,965,886 common units valued at $66,373, (iv) the issuance of 15,237 Series A preferred units and 215,325 Series B preferred units, valued at $236,491(collectively, the "Preferred Units"), (v) warrants to purchase 2,000,000 common units (the "Unit Warrants"), valued at $8,524 and (vi) issuance of contingent units, as described below.

In addition, 2,006,432 contingent common units, 11,895 Series A contingent Preferred Units and 7,799 Series B contingent Preferred Units (collectively, the "Contingent Units") were issued as contingent non-participating units. Such Contingent Units have no voting, distribution or other rights until such time as they are redeemed into common units, Series A Preferred Units, and Series B Preferred Units, respectively. Redemption of such Contingent Units shall occur upon the achievement of certain performance goals relating to certain of the Mack Properties, specifically the achievement of certain leasing activity.

With the Mack Transaction, the Operating Partnership assumed an aggregate of approximately $291,879 of mortgage indebtedness with eight separate lenders, encumbering 17 of the Mack Properties. Such debt matures at various dates from March 1998 through January 2009. The Mack Mortgages are comprised of an aggregate of approximately $199,931 of fixed rate debt bearing interest at a weighted average rate of approximately 7.66 percent per annum, certain of which require monthly principal amortization payments, and an aggregate of approximately $91,948 in variable rate debt bearing interest at a weighted average floating rate of approximately 76 basis points over the London Inter-Bank Offered Rate (LIBOR), (see Note 7).

With the completion of the Mack Transaction, the Cali Realty Corporation name was changed to Mack-Cali Realty Corporation, and the name of the Operating Partnership was changed from Cali Realty, L.P. to Mack-Cali Realty, L.P.

In connection with the Mack Transaction, Brant Cali, Brad W. Berger, Angelo R. Cali, Kenneth A. DeGhetto, James W. Hughes and Alan Turtletaub resigned from the Board of Directors of the Company. Mitchell E. Hersh, William L. Mack and Earle I. Mack were added to the Board as "inside" members, and Martin D. Gruss, Jeffrey B. Lane, Vincent Tese and Paul A. Nussbaum were added as independent members.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

3. ACQUISITIONS/TRANSACTIONS (CONTINUED)

In accordance with the Agreement, Thomas A. Rizk remained Chief Executive Officer and resigned as President of the Company, with Mitchell E. Hersh appointed as President and Chief Operating Officer. The Company's other officers retained their existing positions and responsibilities, except that Brant Cali resigned as Chief Operating Officer and John R. Cali resigned as Chief Administrative Officer. Brant Cali and John R. Cali remained as officers of the Company as Executive Vice Presidents.

Entering into new employment agreements with the Company after the Mack Transaction were Thomas A. Rizk, Mitchell E. Hersh, Brant Cali, and John R. Cali. Entering into amended and restated employment agreements were Roger W. Thomas, as Executive Vice President, General Counsel and Assistant Secretary, Barry Lefkowitz, as Executive Vice President and Chief Financial Officer and Timothy M. Jones, as Executive Vice President.

Additionally, the Company entered into non-competition agreements with each of William, Earle, David and Frederic Mack, which restricted the business dealings of such individuals relative to their involvement in commercial real estate activities to those specified in the Agreement. The non-competition agreements have a term of the later of (a) three years from the completion of the Mack Transaction, or (b) the occurrence of specified circumstances including, but not limited to, the removal of William, Earle, David or Frederic Mack, respectively, from the Company's Board of Directors or Advisory Board, as applicable, and a decrease in certain ownership levels.

In connection with the Mack Transaction, under each of the Company's

executive officer's then existing employment agreements, due to a change of control of the Company (as defined in each employment agreement), each of the aforementioned officers received the benefit of the acceleration of (i) the immediate vesting and issuance of his restricted stock, including tax gross-up payments associated therewith, (ii) the forgiveness of his Stock Purchase Rights loan, including tax gross-up payments associated therewith, and (iii) the vesting of his unvested employee stock options and warrants. Additionally, under each of Thomas Rizk's, Brant Cali's and John R. Cali's employment agreements with the Company, each of these officers became entitled to receive certain severance-type payments, as a result of certain provisions in each of their agreements, triggered as result of the Mack Transaction. Finally, certain officers and employees of the Company were given transaction-based payments as a reward for their efforts and performance in connection with the Mack Transaction. The total expense associated with the acceleration of vesting of restricted stock, the forgiveness of Stock Purchase Rights loans, and the payment of certain severance-type payments, as well as performance payments and related tax-obligation payments, which were approved by the Company's Board of Directors and which took place simultaneous with completion of the Mack Transaction, totaled $45,769. Such expenses are included in non-recurring merger-related charges for the year ended December 31, 1997 (see Note 8).

On December 19, 1997 the Operating Partnership acquired 100 Overlook Center ("Princeton Overlook") a 149,600 square-foot office building located in Princeton, Mercer County, New Jersey. The property was acquired for approximately $27,218, which was funded through the issuance of 41,421 common units valued at $1,624, with the remaining cash portion made available from drawing on one of the Operating Partnership's credit facilities.

Additionally, on December 19, 1997, the Operating Partnership acquired 200 Concord Plaza Drive ("Concord Plaza"), a 248,700 square-foot office building located in San Antonio, Bexar County, Texas. The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

3. ACQUISITIONS/TRANSACTIONS (CONTINUED)
property was acquired for approximately $34,075, which was made available from drawing on one of the Operating Partnership's credit facilities.

On January 23, 1998, the Operating Partnership acquired 10 acres of vacant land in the Stamford Executive Park, located in Stamford, Fairfield County, Connecticut for approximately $1,300, which was funded from the Operating Partnership's cash reserves. The vacant land, on which the Operating Partnership plans to develop a 40,000 square-foot office/flex property, was acquired from RMC Development Co., LLC. In conjunction with the acquisition of the developable land, the Operating Partnership signed a 15-year lease, on a triple-net basis, with a single tenant to occupy the entire property being developed.

On January 30, 1998, the Operating Partnership acquired a 17-building office/flex portfolio, aggregating approximately 748,660 square feet located in the Moorestown West Corporate Center in Moorestown, Burlington County, New Jersey and in Bromley Commons in Burlington, Burlington County, New Jersey. The 17 properties were acquired for a total cost of approximately $46,993. The Operating Partnership is under contract to acquire an additional four office/flex properties in the same locations. The Operating Partnership also has an option to purchase a property following completion of construction and required lease-up for approximately $3,700. The purchase contract also provides the Operating Partnership a right of first refusal to acquire up to six additional office/flex properties totaling 202,000 square feet upon their development and lease-up. The initial transaction was funded primarily from drawing on one of the Operating Partnership's credit facilities as well as the assumption of mortgage debt with an estimated value of $8,419 (the "McGarvey Mortgages"). The McGarvey Mortgages currently have a weighted average annual effective interest rate of 6.24 percent and are secured by five of the office/flex properties acquired.

On February 2, 1998, the Operating Partnership acquired 2115 Linwood Avenue, a 68,000 square-foot vacant office building located in Fort Lee, Bergen County, New Jersey. The building was acquired for approximately $5,100, which was made available from drawing on one of the Operating Partnership's credit facilities.

On February 5, 1998, the Operating Partnership acquired 500 West Putnam Avenue ("500 West Putnam"), a 121,250 square-foot office building located in Greenwich, Fairfield County, Connecticut. The property was acquired for a total cost of approximately $20,125, funded from drawing on one of the Operating Partnership's credit facilities as well as the assumption of mortgage debt with an estimated value of $12,104 which bears interest at an annual effective interest rate of 6.52 percent.

On February 25, 1998, the Operating Partnership acquired 10 Mountainview Road ("Mountainview"), a 192,000 square-foot office property located in Upper Saddle River, Bergen County, New Jersey. The property was acquired for

approximately $24,500, which was made available from proceeds received from the Company's February 1998 offering of common stock (see Note 8).

On March 12, 1998, the Operating Partnership acquired 1250 Capital of Texas Highway South, a 270,703 square foot Class A office property located in Austin, Travis County, Texas. The property was acquired for a total cost of approximately $37,062, which was made available from drawing on one of the Operating Partnership's credit facilities.

On March 27, 1998, the Operating Partnership acquired four office buildings, a daycare center, plus land parcels, and a 50 percent interest in another office building, all of such properties aggregating 875,000

3. ACQUISITIONS/TRANSACTIONS (CONTINUED)
square feet and located in the Prudential Business Campus office complex in Parsippany and East Hanover, Morris County, New Jersey. The properties were acquired for a total cost of approximately $175,856, which funds were made available from the Operating Partnership's cash reserves (provided in part from the proceeds received in the sale of 2,705,628 shares of the Company's common stock pursuant to a Stock Purchase Agreement with The Prudential Insurance Company of America, Strategic Value Investors, LLC and Strategic Value Investors International, LLC) and from drawing on one of the Operating Partnership's credit facilities.

Also, on March 27, 1998, the Operating Partnership acquired ten office properties (the "Pacifica I Acquisition"), located in suburban Denver and Colorado Springs, Colorado, from Pacifica Holding Company ("Pacifica"), a private real estate owner and operator in Denver, Colorado, for a total cost of approximately $74,712. The acquisition cost was funded by drawing approximately $68,200 from the Operating Partnership's credit facilities, from the issuance of approximately $3,779 in common operating partnership units and $2,700 from the Operating Partnership's cash reserve. (see Note 8). The Pacifica I Acquisition was comprised of approximately 620,017 square feet of Pacifica's entire 1.2 million square-foot office portfolio, which consists of 18 office buildings and related operations. On June 8, 1998 the Operating Partnership acquired six of the remaining eight office building, encompassing 514,427 square feet, and 2.5 acres of vacant land, located in the Denver Tech Center, from Pacifica for an aggregate purchase price of approximately $80,700, funded by drawing approximately $59,900 from one of the Operating Partnership's credit facilities, cash reserves and the issuance of approximately $20,800 in common operating partnership units. The Operating Partnership currently is a party to a contract to acquire the remaining two office buildings, encompassing 95,360 square feet, from Pacifica for an aggregate purchase price of approximately $11,900. William L. Mack, a director and equity holder of the Operating Partnership, was an indirect owner of an interest in certain of the buildings contained in the Pacifica Portfolio.

On March 30, 1998, the Operating Partnership acquired two office buildings, aggregating 308,215 square feet, in the Morris County Financial Center located in Parsippany, Morris County, New Jersey. The properties were acquired for a total cost of approximately $52,753, which was made available from drawing on one of the Operating Partnership's credit facilities.

On May 13, 1998, the Operating Partnership acquired 3600 South Yosemite ("3600 S. Yosemite"), a 133,743 square-foot office building located in Denver, Denver County, Colorado for approximately $13,500, which was made available from drawing on one of the Operating Partnership's credit facilities.

On May 14, 1998, the Operating Partnership acquired One Ramland Road ("Ramland Road"), a 232,000 square-foot vacant office/flex building located in Orangeburg, Rockland County, New York, for approximately $6,700, which was made available from the Operating Partnership's cash reserves. The Operating Partnership intends to redevelop the property.

On May 22, 1998, the Operating Partnership acquired 500 College Road East ("500 College Road"), a 158,235 square-foot office building located in Plainsboro, Middlesex County, New Jersey, for approximately $21,200, which was made available from drawing on one of the Operating Partnership's credit facilities.

On June 1, 1998, the Operating Partnership acquired 1709 New York Avenue Northwest and 1400 L Street Northwest, two individual office buildings aggregating approximately 335,600 square feet located in Washington, D.C. The properties were acquired for approximately $90,000, which was made available from

(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

3. ACQUISITIONS/TRANSACTIONS (CONTINUED)
drawing on one of the Operating Partnership's credit facilities. Additionally, the Operating Partnership also entered into contract with the same seller to acquire a third office building located at 4200 Parliament Drive and vacant land in Lanham, Prince Georges County, Maryland. The 120,600 square-foot office building, in addition to adjacent developable land, is expected to be acquired for approximately $15,500. The completed building acquisitions, and pending building and land acquisitions are to be collectively referred to as the "D.C. Portfolio".

On June 3, 1998, the Operating Partnership acquired 400 South Colorado Boulevard ("400 South Colorado"), a 125,415 square-foot office building located in Denver, Denver County, Colorado, for approximately $12,000, which was made available from drawing on one of the Operating Partnership's credit facilities.

4. DEFERRED CHARGES AND OTHER ASSETS

<TABLE>
<CAPTION>

	MARCH 31, 1998	DECEMBER 31, 1997	DECEMBER 31, 1996
	(UNAUDITED)		
<S>	<C>	<C>	<C>
Deferred leasing costs	$ 22,662	$ 20,297	$ 14,031
Deferred financing costs	3,669	3,640	5,390
	26,331	23,937	19,421
Accumulated amortization	(10,428)	(9,535)	(8,994)
Deferred charges, net	15,903	14,402	10,427
Prepaid expenses and other assets	5,769	4,587	1,413
Total deferred charges and other assets, net	$ 21,672	$ 18,989	$ 11,840

</TABLE>

5. RESTRICTED CASH

Restricted cash includes security deposits for the Operating Partnership's residential properties and certain commercial properties, and escrow and reserve funds for debt service, real estate taxes, property insurance, capital improvements, tenant improvements, and leasing costs established pursuant to certain mortgage financing arrangements, and is comprised of the following:

<TABLE>
<CAPTION>

	MARCH 31, 1998	DECEMBER 31, 1997	DECEMBER 31, 1996
	(UNAUDITED)		
<S>	<C>	<C>	<C>
Escrow and other reserve funds	$ 1,552	$ 1,278	$ 2,814
Security deposits	5,239	5,566	346
Total restricted cash	$ 6,791	$ 6,844	$ 3,160

</TABLE>

6. MORTGAGE NOTES RECEIVABLE

In connection with the RM Transaction on January 31, 1997, the Operating Partnership provided an $11,600 non-recourse, non-amortizing mortgage loan to entities controlled by the RM principals, bearing interest at an annual rate of 450 basis points over one-month LIBOR. The Mortgage Notes Receivable,

6. MORTGAGE NOTES RECEIVABLE (CONTINUED)
which is secured by the Option Properties and guaranteed by certain of the RM principals, matures on February 1, 2000. In addition, the Operating Partnership received a three percent origination fee in connection with providing the Mortgage Notes Receivable.

(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

In conjunction with the acquisition of 200 Corporate, one of the Option Properties, on August 15, 1997, the sellers of the property, certain RM principals, prepaid $4,350 of the Mortgage Notes Receivable, leaving a remaining principal balance of $7,250 secured by the remaining Option Property. The Operating Partnership also received a prepayment fee of $163.

On March 6, 1998, prior to the completion of the Pacifica I Acquisition, the Operating Partnership provided a $20,000 mortgage loan to an entity controlled by certain principals of Pacifica. Such mortgage loan is secured by an office property in California. The mortgage note receivable which bore interest at an annual rate of 9.25 percent and had a two-year term was repaid in full on June 9, 1998.

7. MORTGAGES AND LOANS PAYABLE

<TABLE>
<CAPTION>

	MARCH 31, 1998	DECEMBER 31, 1997	DECEMBER 31, 1996
	(UNAUDITED)		
<S>	<C>	<C>	<C>
TIAA Mortgage	$ 185,283	$185,283	--
Harborside Mortgages	150,000	150,000	$150,000
Mortgage Financing	--	--	64,508
CIGNA Mortgages	75,910	86,650	--
Mitsubishi Mortgages	72,204	72,204	--
Prudential Mortgages	61,669	62,205	18,445
Other Mortgages	99,937	88,474	--
Prudential Term Loan	200,000	200,000	--
Revolving Credit Facilities	356,751	122,100	29,805
Contingent Obligation	5,838	5,734	5,252
Total mortgages and loans payable	$ 1,207,592	$972,650	$268,010

</TABLE>

TIAA MORTGAGE

In connection with the RM Transaction, on January 31, 1997, the Operating Partnership assumed a $185,283 non-recourse mortgage loan with Teachers Insurance and Annuity Association of America ("TIAA"), with interest only payable monthly at a fixed annual rate of 7.18 percent. The TIAA Mortgage is secured and cross-collateralized by 43 of the RM Properties and matures on December 31, 2003. The Operating Partnership, at its option, may convert the TIAA Mortgage to unsecured debt upon achievement by the Operating Partnership of an investment grade credit rating of Baa3/BBB- or better. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance.

7. MORTGAGES AND LOANS PAYABLE (CONTINUED)

HARBORSIDE MORTGAGES

In connection with the acquisition of Harborside Financial Center ("Harborside"), on November 4, 1996, the Operating Partnership assumed existing mortgage debt and was provided seller-financed mortgage debt aggregating $150,000. The existing financing, with a principal balance of $104,059 and $104,768 as of March 31, 1998, and December 31, 1997, respectively, bears interest at a fixed rate of 7.32 percent per annum for a term of approximately nine years. The seller-provided financing, with a principal balance of $45,941 and $45,232 as of March 31, 1998 and December 31, 1997, respectively, also has a term of approximately nine years and initially bears interest at a rate of 6.99 percent per annum. The interest rate on the seller-provided financing will be reset at the end of the third and sixth loan years based on the yield of the three-year treasury obligation at that time, with spreads of 110 basis points in years four through six and 130 basis points in years seven through maturity.

MORTGAGE FINANCING

The $64,508 in mortgage financing (the "Mortgage Financing") consisted of $43,313, which bore interest at a net cost to the Operating Partnership equal to a fixed rate of 8.02 percent per annum and $20,195 which bore interest at a net cost to the Operating Partnership equal to a floating rate of 100 basis points over one-month LIBOR with a lifetime interest rate cap of 11.6 percent. On August 12, 1997, the Operating Partnership retired the Mortgage Financing with funds made available primarily from drawing on the Original Unsecured Facility

(see below). On account of prepayment fees, loan origination fees, legal fees and other costs incurred in the retirement of the Mortgage Financing, an extraordinary loss of $3,985, was recorded for the year ended December 31, 1997.

CIGNA MORTGAGES

In connection with the Mack Transaction, the Operating Partnership assumed non-recourse mortgage debt (the "CIGNA Mortgages") aggregating $75,910 and $86,650 in principal as of March 31, 1998 and December 31, 1997, respectively, with Connecticut General Life Insurance Company ("CIGNA"). Such mortgages, which are secured by five of the Mack Properties, bear interest at a weighted average annual fixed rate of 7.68 percent and require monthly payments of interest and principal on various term amortization schedules. The CIGNA mortgages mature between October 1998 and October 2003.

In April 1998, simultaneous with the Operating Partnership obtaining the $150,000 Prudential Mortgage Loan, as described below, the Operating Partnership retired one of the CIGNA Mortgages with a principal balance of $27,835.

MITSUBISHI MORTGAGES

In connection with the Mack Transaction, the Operating Partnership assumed non-recourse variable-rate mortgage debt (the "Mitsubishi Mortgages") aggregating $72,204 in principal as of March 31, 1998 and December 31, 1997 with Mitsubishi Trust and Banking Corporation. Such mortgages, which are secured by two of the Mack Properties, bear interest payable monthly at a variable rate of 65 basis points over LIBOR (5.6875 percent at March 31, 1998 and 5.72 percent at December 31, 1997) and mature between January 2008 and January 2009.

7. MORTGAGES AND LOANS PAYABLE (CONTINUED)
PRUDENTIAL MORTGAGES

The Operating Partnership has mortgage debt (the "Prudential Mortgages") aggregating $61,669 and $62,205 in principal as of March 31, 1998 and December 31, 1997, respectively, with The Prudential Insurance Company of America, substantially all of which was assumed in the Mack Transaction. Such mortgages, which are secured by three properties, bear interest at a weighted average annual fixed rate of 8.43 percent, all of which require monthly payments of interest. In addition, certain of the Prudential Mortgages require monthly payments of principal, in addition to interest, on various term amortization schedules. The Prudential Mortgages mature between October 2003 and July 2004.

OTHER MORTGAGES

The Operating Partnership has mortgage debt ("Other Mortgages") aggregating $99,937 and $88,474 in principal as of March 31, 1998 and December 31, 1997, respectively, with six different lenders, all of which was assumed in the Mack Transaction, and are secured by eight of the Mack Properties. The Other Mortgages are comprised of: (i) fixed rate debt aggregating $80,723 at March 31, 1998 ($69,110 at December 31, 1997), which bears interest at a weighted average fixed rate of 6.89 percent, and require monthly payments of principal and interest on various term amortization schedules, and (ii) variable rate debt aggregating $19,214 at March 31, 1998 ($19,364, at December 31, 1997) which bears interest at 115 basis points over LIBOR. The Other Mortgages mature between February 1999 and September 2005.

In April 1998, simultaneous with the Operating Partnership obtaining the $150,000 Prudential Mortgage Loan, as described below, the Operating Partnership retired $20,338 of the Other Mortgages.

PRUDENTIAL TERM LOAN

On December 10, 1997, the Operating Partnership obtained a $200,000 term loan (the "Prudential Term Loan") from Prudential Securities Corp. ("PSC"). The proceeds of the loan were used to fund a portion of the cash consideration in completion of the Mack Transaction. The loan has a one-year term and interest payments are required monthly at an interest rate of 110 basis points over one-month LIBOR. The loan is a recourse loan secured by 11 properties owned by the Operating Partnership and located in New Jersey. The Prudential Term Loan was subsequently retired in April 1998, simultaneous with the Operating Partnership obtaining the $150,000 Prudential Mortgage Loan, as described below.

REVOLVING CREDIT FACILITIES

PRUDENTIAL FACILITY

The Operating Partnership has a revolving credit facility (the "Prudential Facility") from PSC in the amount of $100,000, which currently bears interest at 110 basis points over one-month LIBOR, and matures on March 31, 1999. The

Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Operating Partnership's equity interest in Harborside. The terms of the Prudential Facility include certain restrictions and covenants that limit, among other things, dividend payments and additional indebtedness and that require compliance with specified financial ratios and other financial measurements. The Operating Partnership had no outstanding borrowings at either March 31, 1998 or December 31, 1997 under the Prudential Facility.

7. MORTGAGES AND LOANS PAYABLE (CONTINUED)

FIRST PRUDENTIAL FACILITY

The Operating Partnership had a $70,000 revolving credit facility (the "First Prudential Facility") with PSC. The First Prudential Facility bore interest at a floating rate equal to 150 basis points over one-month LIBOR for January 1, 1996 through August 31, 1996. Effective September 1, 1996, the interest rate was reduced to a floating rate equal to 125 basis points over one-month LIBOR. In conjunction with obtaining the Original Unsecured Facility (see below), the Operating Partnership repaid in full and terminated the First Prudential Facility on August 7, 1997. The Operating Partnership had outstanding borrowings of $6,000 at December 31, 1996 under the First Prudential Facility.

BANK FACILITY

The Operating Partnership had a revolving credit facility (the "Bank Facility"), secured by certain of its properties, in the amount of $75,000 from two participating banks. The Bank Facility had a three-year term and bore interest at 150 basis points over one-month LIBOR. In conjunction with obtaining the Original Unsecured Facility (see below), the Operating Partnership repaid in full and terminated the Bank Facility on August 7, 1997. The Operating Partnership had outstanding borrowings of $23,805 at December 31, 1996 under the Bank Facility.

SECOND PRUDENTIAL FACILITY

The Operating Partnership has a revolving credit facility ("Second Prudential Facility") from PSC in the amount of $100,000 which currently bears interest at 110 basis points over one-month LIBOR, and matures on March 31, 1999. The Second Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Operating Partnership's equity interest in Harborside. The terms of the Second Prudential Facility include certain restrictions and covenants that limit, among other things, dividend payments and additional indebtedness and that require compliance with specified financial ratios and other financial measurements. The Operating Partnership had no outstanding borrowings at December 31, 1997 and 1996 under the Second Prudential Facility.

ORIGINAL UNSECURED FACILITY

On August 6, 1997, the Operating Partnership obtained an unsecured revolving credit facility (the "Original Unsecured Facility") in the amount of $400,000 from a group of 13 lender banks. The Original Unsecured Facility has a three-year term and currently bears interest at 125 basis points over one-month LIBOR.

The terms of the Original Unsecured Facility include certain restrictions and covenants which limit, among other things, dividend payments and additional indebtedness and which require compliance with specified financial ratios and other financial measurements. The Original Unsecured Facility also requires a fee on the unused balance payable quarterly in arrears, at a rate ranging from one-eighth of one percent to one-quarter of one percent of such balance, depending on the level of borrowings outstanding in relation to the total facility commitment.

The Operating Partnership had outstanding borrowings of $356,751 and $122,100 at March 31, 1998 and December 31, 1997, respectively, under the Original Unsecured Facility. The Original Unsecured

7. MORTGAGES AND LOANS PAYABLE (CONTINUED)

Facility was subsequently repaid and retired in connection with the Operating Partnership obtaining the 1998 Unsecured Facility in April 1998, as described below.

1998 UNSECURED FACILITY

On April 17, 1998, the Operating Partnership repaid in full and terminated the Original Unsecured Facility and obtained a new unsecured revolving credit facility (the "1998 Unsecured Facility") in the amount of $870,000 from a group of 25 lender banks, led by The Chase Manhattan Bank and Fleet National Bank. The 1998 Unsecured Facility has a three year term and currently bears interest at 110 basis points over LIBOR, a reduction of 15 basis points from the retired Original Unsecured Facility. Based upon the Operating Partnership's achievement of an investment grade long-term unsecured debt rating, the interest rate will be reduced, on a sliding scale, and a competitive bid option will become available.

The terms of the 1998 Unsecured Facility include certain restrictions and covenants which limit, among other things, dividend payments and additional indebtedness and which require compliance with specified financial ratios and other financial measurements. The 1998 Unsecured Facility also requires a 17.5 basis point fee on the unused balance payable quarterly in arrears.

The lending group for the 1998 Unsecured Facility consists of: The Chase Manhattan Bank, as administrative agent; Fleet National Bank, as syndication agent; PNC Bank, N.A., as documentation agent; Bankers Trust, Commerzbank, AG, The First National Bank of Chicago, First Union National Bank and NationsBank, as managing agents; Creditanstalt Corporate Finance, Inc., Dresdner Bank, AG, European American Bank (EAB), Hypo Bank, Societe Generale and Summit Bank, as co-agents; and Kredietbank, N.V., Key Bank, Mellon Bank, N.A., The Bank of New York, Citizens Bank, Crestar, DG Bank, Tokai Bank, US Trust, Bayerische Landesbank and Erste Bank.

$150,000 PRUDENTIAL MORTGAGE LOAN

On April 30, 1998, the Operating Partnership obtained a $150,000, interest-only mortgage loan from The Prudential Insurance Company of America with a seven-year term. The mortgage loan, which is secured by 12 of the Operating Partnership's properties, has an effective annual interest rate of 7.1 percent, and includes a conversion feature whereby the Operating Partnership, upon receiving an investment-grade credit rating, will have the option to convert the loan into senior unsecured debt.

The proceeds of the new loan were used, along with funds drawn from one of the Operating Partnership's credit facilities, to retire the Prudential Term Loan, as well as approximately $48,200 of the Mack Mortgages.

CONTINGENT OBLIGATION

As part of the Harborside acquisition, the Operating Partnership agreed to make payments (with an estimated net present value of approximately $5,252 at acquisition date) to the seller for development rights ("Contingent Obligation") if and when the Operating Partnership commences construction on the acquired site during the next several years. However, the agreement provides, among other things, that even if the Operating Partnership does not commence construction, the seller may nevertheless require the Operating Partnership to acquire these rights during the six-month period after the end of the sixth year. After such period, the seller's option lapses, but any development in years 7 through 30 will require a

7. MORTGAGES AND LOANS PAYABLE (CONTINUED)
payment, on an increasing scale, for the development rights. For the three months ended March 31, 1998 and the year ended December 31, 1997, interest was imputed on the Contingent Obligation, thereby increasing the balance of the Contingent Obligation to $5,838 as of March 31, 1998 ($5,734 as of December 31, 1997).

INTEREST RATE CONTRACTS

The Operating Partnership has an interest rate swap agreement with a commercial bank. The swap agreement fixes the Operating Partnership's one-month LIBOR base to a fixed 6.285 percent per annum on a notional amount of $24,000 through August 1999.

The Operating Partnership also has another interest rate swap agreement with a commercial bank. This swap agreement has a three-year term and a notional amount of $26,000, which fixes the Operating Partnership's one-month LIBOR base to 5.265 percent per annum through January 1999.

On November 20, 1997, the Operating Partnership entered into a seven-year, interpolated U.S. Treasury interest rate lock agreement with a commercial bank. The agreement fixes the Operating Partnership's base Treasury rate of 5.88 percent per annum on a notional amount of $150,000.

The Operating Partnership is exposed to credit loss in the event of non-performance by the other parties to the interest rate contracts. However, the Operating Partnership does not anticipate non-performance by any of its counterparties.

SCHEDULED PRINCIPAL PAYMENTS, INTEREST PAID AND CAPITALIZED INTEREST

Scheduled principal payments on the mortgages and loans payable, as of December 31, 1997, are as follows:

<TABLE>
<CAPTION>

YEAR	AMOUNT
<S>	<C>
1998	$ 278,788
1999	61,848
2000	125,265
2001	5,538
2002	10,406
Thereafter	490,805
Total	$ 972,650

</TABLE>

Cash paid for interest for the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996, and 1995 was $20,302 and $8,503, $36,917, $12,096, and $8,322, respectively. Interest capitalized by the Operating Partnership for the three months ended March 31, 1998 and 1997, and the years ended December 31, 1997, 1996 and 1995 was $201, none, $820, $118 and $27, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

8. PARTNERS' CAPITAL

Partners' capital in the accompanying consolidated financial statements relates to common units in the Operating Partnership, in addition to certain preferred units and unit warrants in the Operating Partnership issued in conjunction with the Mack Transaction. Preferred and common units and unit warrants issued during 1997 and the first three months of 1998 are described in Note 3.

On August 13, 1996, the Company sold 3,450,000 shares of its common stock through a public stock offering (the "August 1996 Offering"), which included an exercise of the underwriters over-allotment option of 450,000 shares. Net proceeds from the August 1996 Offering (after offering costs) were approximately $76,830.

On November 22, 1996, the Company completed an underwritten public offer and sale of 17,537,500 shares of its common stock. The Company received approximately $441,215 in net proceeds (after offering costs) from the offering, and used such funds to complete certain of the Company's property acquisitions in November and December 1996, pay down outstanding borrowings on its revolving credit facilities, and invest in Overnight Investments.

On May 15, 1997, the stockholders approved an increase in the authorized shares of common stock in the Company to 190,000,000.

On October 15, 1997, the Company completed an underwritten public offer and sale of 13,000,000 shares (the "1997 Offering") of its common stock The Company received approximately $489,116 in net proceeds (after offering costs) from the 1997 Offering. The Company used $160,000 of such proceeds to repay outstanding borrowings on its Unsecured Facility and the remainder of the proceeds to fund a portion of the purchase price of the Mack Transaction, for other acquisitions, and for general corporate purposes.

On February 25, 1998, the Company completed an underwritten public offer and sale of 2,500,000 shares of its common stock (the "1998 Offering") and used the net proceeds of approximately $92,000 (after offering costs) to pay down a portion of its outstanding borrowings under the Unsecured Facility and to fund the acquisition of Moutainview (see Note 3).

On March 18, 1998, in connection with the acquisition of several properties and land within the Prudential Business Campus, the Company completed an offer and sale of 2,705,628 shares of its common stock using the net proceeds of approximately $99,899 (after offering costs) in the funding of such acquisition (see Note 3).

On March 27, 1998, the Company completed an underwritten public offer and sale of 650,407 shares of its common stock and used the net proceeds, which totaled approximately $23,690 (after offering costs) to pay down a portion of its outstanding borrowings under the Operating Partnership's credit facilities.

On April 29, 1998, the Company completed an underwritten offer and sale of 994,228 shares of its common stock and used the proceeds, which totaled approximately $34,650 (after offering costs) primarily to pay down a portion of its outstanding borrowings under the Operating Partnership's credit facilities.

On May 29, 1998, the Company completed an underwritten public offer and sale of 984,615 shares of its common stock and used the net proceeds, which totaled approximately $34.2 million (after offering costs) primarily to pay down a portion of its outstanding borrowings under the Operating Partnership's credit facilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

8. PARTNERS' CAPITAL (CONTINUED)

The proceeds of the above offerings were contributed to the Operating Partnership in exchange for units.

PREFERRED UNITS

As described in Note 3, in connection with the funding of the Mack Transaction, the Operating Partnership issued 15,237 Series A Preferred Units and 215,325 Series B Preferred Units, with an aggregate value of $236,490. The Preferred Units have a stated value of $1,000 per unit and are preferred as to assets over any class of common units or other class of preferred units of the Operating Partnership, based on circumstances per the applicable unit certificates.

The quarterly distribution on each Preferred Unit is an amount equal to the greater of (i) $16.875 (representing 6.75 percent of the Preferred Unit stated value of $1,000 on an annualized basis) or (ii) the quarterly distribution attributable to a Preferred Unit determined as if such unit had been converted into common units, subject to adjustment for customary anti-dilution rights. Each of the Series A Preferred Units may be converted at any time into common units at a conversion price of $34.65 per common unit, and, after the one year anniversary of the date of the Series A Preferred Units' initial issuance, common units received pursuant to such conversion may be redeemed into common stock. Each of the Series B Preferred Units may be converted at any time into common units at a conversion price of $34.65 per unit, and, after the three year anniversary of the date of the Series B Preferred Units' initial issuance, common units received pursuant to such conversion may be redeemed into common stock. Each of the common units are redeemable after one year for an equal number of shares of common stock.

The Preferred Unit to common unit conversion rate of $34.65 per common unit, was an amount less than the $39.0625 closing stock price on the date of closing of the Mack Transaction. Accordingly, the Operating Partnership recorded, on December 11, 1997, the financial value ascribed to this beneficial conversion feature inherent in the Preferred Units upon issuance, totaling $29,361 and was recorded as beneficial conversion feature in Partners' Capital. The beneficial conversion feature was amortized in full as the Preferred Units were immediately convertible upon issuance; such amortization was included in the Statement of Operations for the year ended December 31, 1997.

During the three months ended March 31, 1998, the Operating Partnership issued 1,839 additional Preferred Units (1,111 of Series A and 728 of Series B), valued at approximately $1,886, in connection with the achievement of certain performance goals at the Mack Properties in redemption of an equivalent number of Contingent Units. Such Preferred Units carry the identical terms as those issued in the Mack Transaction.

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 (other than the General Partner) 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. When a

8. PARTNERS' CAPITAL (CONTINUED)
Unitholder redeems a common unit, limited partner's capital is reduced and the general partner's capital is increased. Common units held by the Company are not redeemable.

As described in Note 3, the Operating Partnership issued an aggregate of 3,408,532 common units in 1997 in connection with the completion of the RM Transaction, the Mack Transaction and Princeton Overlook.

During the three months ended March 31, 1998, a common unitholder redeemed 20,000 common units and received $766 in cash from the Operating Partnership. Additionally, certain other common unitholders redeemed an aggregate of 22,300 common units for an equivalent number of shares of common stock in the Company.

On March 26, 1998, in connection with the Pacifica I Acquisition, the Operating Partnership issued 100,175 common units, valued at approximately $3,779.

During the three months ended March 31, 1998, the Company also issued 634,000 common units, valued at approximately $21,405, in connection with the achievement of certain performance goals at the Mack Properties in redemption o an equivalent number of contingent common units.

CONTINGENT COMMON & PREFERRED UNITS

In conjunction with the completion of the Mack Transaction, 2,006,432 contingent Common units, 11,895 Series A contingent Preferred Units and 7,799 Series B contingent Preferred Units (collectively, the "Contingent Units") were issued as contingent non-participating units. Such Contingent Units have no voting, distribution or other rights until such time as they are redeemed into common units, Series A Preferred Units, and Series B Preferred Units, respectively. Redemption of such Contingent Units shall occur upon the achievement of certain performance goals relating to certain of the Mack Properties, specifically the achievement of certain leasing activity. On account of certain of the performance goals having been achieved during the three months ended March 31, 1998, the Operating Partnership redeemed 634,000 contingent common units and 1,839 contingent Preferred Units and issued an equivalent number of common and Preferred Units, as indicated above.

UNIT WARRANTS

As described in Note 3, in connection with the funding of the Mack Transaction, the Operating Partnership granted warrants to purchase 2,000,000 common units. The Unit Warrants are exercisable at any time after one year from the date of their issuance and prior to the fifth anniversary thereof at an exercise price of $37.80 per common unit.

STOCK OPTION PLANS

In 1994, and as subsequently amended, the Company established the Cali Employee Stock Option Plan ("Employee Plan") and the 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 have been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). Stock options granted under the Employee Plan in 1994 and 1995 become exercisable over a three-year period and those options granted under the Employee Plan in 1996 and 1997 become exercisable over a five-year period. All

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

8. PARTNERS' CAPITAL (CONTINUED)
stock options granted under the 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 a result of certain provisions contained in certain of the Company's executive officers' employment agreements, on December 11, 1997, the Mack Transaction triggered the accelerated vesting of unvested stock options held by such officers on that date.

Information regarding the Company's stock option plans is summarized below:

<TABLE>
<CAPTION>

SHARES UNDER OPTION:	EMPLOYEE PLAN	DIRECTOR PLAN

(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

Outstanding at January 1, 1995 $15.25-$17.25 per share	600,000	25,000
Granted at $17.25-$19.875 per share	220,200	10,000
Less-Lapsed or canceled	(3,588)	--
Outstanding at December 31, 1995 $15.25-$19.875 per share	816,612	35,000
Granted at $21.50-$26.25 per share	795,700	14,000
Less-Lapsed or canceled	(7,164)	--
Exercised at $17.25 per share	(116,041)	(10,000)
Outstanding at December 31, 1996 $15.25-$26.25 per share	1,489,107	39,000
Granted at $33.00-$38.75 per share	1,956,538	170,000
Less-Lapsed or canceled	(30,073)	--
Exercised at $17.25-$26.25 per share	(335,282)	(2,000)
Outstanding at December 31, 1997 $15.25-$38.75 per share	3,080,290	207,000
Granted at $37.3125 per share	901,150	--
Less--Lapsed or canceled	(344)	--
Exercised at $17.25-$30.75	(99,062)	(2,000)
Outstanding at March 31, 1998 $15.25-$38.75 per share	3,882,034	205,000
Exercisable at December 31, 1997	967,618	37,000
Exercisable at March 31, 1998	1,295,965	45,000
Available for grant at December 31, 1996	175,040	51,000
Available for grant at December 31, 1997	1,448,575	181,000
Available for grant at March 31, 1998	547,769	181,000

</TABLE>

The weighted-average fair value of options granted during 1997, 1996, and 1995 were $6.66, $2.41, and $1.28 per option, respectively. The fair value of each significant option grant is estimated on the date of

8. PARTNERS' CAPITAL (CONTINUED)
grant using the Black-Scholes model. The following weighted average assumptions are included in the Company's fair value calculations of stock options:

<TABLE>
<CAPTION>

	1997	1996	1995
Expected life (years)	6	6	6
Risk-free interest rate	5.84%	6.11%	6.58%
Volatility	23.76%	19.14%	1.41%
Dividend yield	5.29%	7.58%	10.20%

</TABLE>

WARRANTS

On January 31, 1997, in conjunction with the completion of the RM Transaction, the Company granted a total of 400,000 warrants to purchase an equal number of shares of common stock at $33 per share (the market price at date of grant) to Timothy Jones, Brad Berger and certain other Company employees formerly with RM. Such warrants vest equally over a three-year period and have a term of ten years. The unvested warrants held by Timothy Jones and Brad Berger became immediately exercisable on December 11, 1997 as a result of provisions contained in their employment agreements, which were triggered by the Mack Transaction.

On December 12, 1997, in conjunction with the completion of the Mack Transaction, the Company granted a total of 491,756 warrants to purchase an equal number of shares of common stock at $38.75 per share (the market price at date of grant) to Mitchell Hersh, and certain other Company executives formerly with Patriot American Office Group. Such warrants vest equally over a five-year period and have a term of ten years.

The weighted-average fair value of warrants granted during 1997 were $6.27 per warrant. No warrants were outstanding in 1995 or 1996. The fair value of each warrant grant is estimated on the date of grant using the Black-Scholes model. The following weighted average assumptions are included in the Company's fair value calculations of warrants granted during 1997:

<TABLE>

Expected life (years)	6

(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

Risk-free interest rate	5.96%
Volatility	22.77%
Dividend yield	5.29%

</TABLE>

FASB NO. 123

Under the above models, the value of stock options and warrants granted during 1997, 1996 and 1995 totaled approximately $22,998, $1,955, and $294, respectively, which would be amortized ratably on a pro forma basis over the appropriate vesting period. Had the Operating Partnership determined compensation cost for these granted securities in accordance with FASB No. 123, the Operating Partnership's pro forma net (loss) income and basic (loss) earnings per share and diluted (loss) earnings per share would have been ($2,425), ($0.06) and ($0.05) in 1997, $36,115, $1.71 and $1.68 in 1996 and $17,043, $1.22 and $1.21 in 1995. The FASB No. 123 method of accounting does not apply to options granted prior to January 1, 1995 and accordingly, the resulting pro forma compensation cost may not be representative of that to be expected in the future.

8. PARTNERS' CAPITAL (CONTINUED)
STOCK COMPENSATION

In January 1997, the Company entered into employment contracts with seven of its key executives which provided for, among other things, compensation in the form of stock awards (the "Restricted Stock Awards") and Company-financed stock purchase rights (the "Stock Purchase Rights"), and associated tax obligation payments. In connection with the Restricted Stock Awards, the executives were to receive 199,070 shares of the Company's common stock vesting over a five-year period contingent on the Company meeting certain performance objectives. Additionally, pursuant to the terms of the Stock Purchase Rights, the Company provided fixed rate, non-recourse loans, aggregating $4,750, to such executives to finance their purchase of 152,000 shares of the Company's common stock, which the Company agreed to forgive ratably over five years, subject to continued employment. Such loans were for amounts equal to the fair market value of the associated shares at the date of grant. Subsequently, from April 18, 1997 through April 24, 1997, the Company purchased, for constructive retirement, 152,000 shares of its outstanding common stock for $4,680. The excess of the purchase price over par value was recorded as a reduction to additional paid-in capital. Concurrent with this purchase, the Company sold to the Operating Partnership 152,000 Units for $4,680.

The value of the Restricted Stock Awards and the balance of the loans related to the Stock Purchase Rights at the grant date, were recorded as unamortized stock compensation in stockholders' equity. As a result of certain provisions contained in certain of the Company's executive officers' employment agreements, which were triggered by the Mack Transaction on December 11, 1997, the loans provided by the Company under the Stock Purchase Rights were forgiven by the Company, and the vesting and issuance of the restricted stock issued under the Restricted Stock Awards was accelerated, and related tax obligation payments were made. As a result, the accelerated cost of $16,788 affecting the stock compensation described above was included in non-recurring merger-related charges for the year ended December 31, 1997. With such accelerated vestings there was no remaining balance in unamortized stock compensation as of December 31, 1997.

Included in general and administrative expense for the year ended December 31, 1997 is $2,257 relating to the normal cost of Restricted Stock Awards and Stock Purchase Rights.

EARNINGS PER UNIT

FASB No. 128 requires a dual presentation of basic and diluted earnings per unit ("EPU") on the face of the income statement for all companies with complex capital structures even where the effect of such dilution is not material. Basic EPU excludes dilution and is computed by dividing net income available to common unitholders by the weighted average number of units outstanding for the period. Diluted EPU reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units.

8. PARTNERS' CAPITAL (CONTINUED)
The following information presents the Operating Partnership's results for

the three months ended March 31, 1998 and 1997, and the years ended December 31, 1997, 1996 and 1995 in accordance with FASB No. 128.

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31, (UNAUDITED)			
	1998		1997	
	BASIC EPU	DILUTED EPU	BASIC EPU	DILUTED EPU
<S>	<C>	<C>	<C>	<C>
Net income	$ 29,938	$ 29,938	$ 18,095	$ 18,095
Weighted average units	57,933	58,682	40,085	40,817
Per Unit	$ 0.52	$ 0.51	$ 0.45	$ 0.44

</TABLE>

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED DECEMBER 31,				
	1997		1996		1995
	BASIC EPU	DILUTED EPU	BASIC EPU	DILUTED EPU	BASIC EPU	DILUTED EPU
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	$ 2,133	$ 2,133	$ 36,618	$ 36,618	$ 17,146	$ 17,146
Weighted average units	43,356	44,156	21,172	21,436	13,986	14,041
Per Unit	$ 0.05	$ 0.05	$ 1.73	$ 1.71	$ 1.23	$ 1.22

</TABLE>

The following schedule reconciles the units used in the basic EPU calculation to the units used in the diluted EPU calculation (units in thousands).

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31, (UNAUDITED)		FOR THE YEAR ENDED DECEMBER 31,		
<S>	<C> 1998	<C> 1997	<C> 1997	<C> 1996	<C> 1995
Basic EPU Units:	57,933	40,085	43,356	21,172	13,986
Add: Stock Options	612	533	579	264	55
Restricted Stock Awards	--	199	188	--	--
Stock Warrants	137	--	33	--	--
Diluted EPU Units:	58,682	40,817	44,156	21,436	14,041

</TABLE>

9. EMPLOYEE BENEFIT PLAN

All employees of the Company who meet certain minimum age and period of service requirements are eligible to participate in a 401(k) defined contribution plan (the "Plan"). The Plan allows eligible employees to defer up to 15 percent of their annual compensation. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management's discretion, may match employee contributions. No employer contributions have been made to date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

10. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable judgement is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Operating Partnership could realize on disposition of the financial instruments at December 31, 1997 and 1996. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values.

Mortgages and loans payable had an aggregate carrying value of $972,650 and $268,010 as of December 31, 1997 and 1996, respectively, which approximates their estimated aggregate fair value (excluding prepayment penalties) based upon then current interest rates for debt with similar terms and remaining maturities.

The estimated cost to settle the Operating Partnership's interest rate contracts, at December 31, 1997 and 1996, based on quoted market prices of comparable contracts was $1,404 and $140, respectively.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 1997 and 1996. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since December 31, 1997 and current estimates of fair value may differ significantly from the amounts presented herein.

11. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

GROVE STREET PROPERTY

Pursuant to an agreement with the City of Jersey City, New Jersey, as amended, expiring in 2004, the Operating Partnership is required to make payments in lieu of property taxes ("PILOT") on its property at 95 Christopher Columbus Drive, Jersey City, Hudson County, New Jersey. Such PILOT, as defined, is $1,267 per annum through May 31, 1999 and $1,584 per annum through May 31, 2004.

HARBORSIDE FINANCIAL CENTER PROPERTY

Pursuant to an agreement with the City of Jersey City, New Jersey obtained by the former owner of the Harborside property in 1988 and assumed by the Operating Partnership as part of the acquisition of the property in November 1996, the Operating Partnership is required to make PILOT payments on its Harborside property. The agreement, which commenced in 1990, is for a term of 15 years. Such PILOT is equal to two percent of Total Project Costs, as defined, in year one and increases by $75 per annum through year fifteen. Total Project Costs, as defined, are $148,712.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)
GROUND LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable ground leases, under which the Operating Partnership is the lessee,as of December 31, 1997 are as follows:

YEAR	AMOUNT
1998	$ 320
1999	320
2000	320
2001	320
2002	320
Thereafter	17,851
Total	$ 19,451

OTHER CONTINGENCIES

On December 10, 1997, a Shareholder's Derivative Action was filed in Maryland Court on behalf of one individual shareholder. The complaint questioned certain executive compensation decisions made by the Company's Board of Directors in connection with the Mack Transaction. The Board's compensation decisions were discussed in the proxy materials distributed in connection with the Mack Transaction and were approved by in excess of 99 percent of the voting shareholders. Although the Company believes that this lawsuit was factually and legally baseless, the Company on May 4, 1998 agreed to a settlement pursuant to which it incurred a cost of approximately $554, and agreed to certain changes to employment agreements of certain of its executive officers. The Company expects to incur an additional $196 in costs associated with defending this action. The Company provided for $750 at December 31, 1997 for this matter which is included in non-recurring merger-related charges.

The Operating Partnership is a defendant in other certain litigation arising in the normal course of business activities. Management does not believe that the resolution of these matters will have a materially adverse effect upon the Operating Partnership.

12. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2020. 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.

12. TENANT LEASES (CONTINUED)

Future minimum rentals to be received under non-cancelable operating leases at December 31, 1997 are as follows:

YEAR	AMOUNT
1998	$ 335,286
1999	304,157
2000	259,715
2001	207,136
2002	168,239
Thereafter	690,884
Total	$ 1,965,417

13. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("FASB No. 130"), which establishes standards for the reporting and

(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

display of comprehensive income and its components. This statement requires a separate statement to report the components of comprehensive income for each period reported. The provisions of this statement are effective for fiscal years beginning after December 15, 1997. Management believes that they currently do not have items that would require presentation in a separate statement of comprehensive income.

In June 1997, the FASB also issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information, ("FASB No. 131"), which establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and require that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. This statement is effective for financial statements for periods beginning after December 15, 1997, and requires that comparative information from earlier years be restated to conform to the requirements of this standard.

14. PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The following pro forma financial information for the years ended December 31, 1997 and 1996 are presented as if the acquisitions, disposition and common stock offerings in 1996, the RM Transaction, the Mack Transaction and 1997 stock offering and the 1997 acquisitions of 1345 Campus, Westlakes, Shelton Place, 200 Corporate, Three Independence, The Trooper Building, Concord Plaza and Princeton Overlook had all occurred on January 1, 1996. The pro forma information for the three month periods ended March 31, 1998 and 1997 are presented as if the RM Transaction, the Mack Transaction and all other acquisitions and common stock offering completed in 1997, and during the three months ended March 31, 1998 had all occurred on January 1, 1997. The pro forma financial information excludes any deduction for the non-recurring merger-related charges and beneficial conversion feature charge included in the Operating Partnership's historical information for the year ended December 31, 1997. In management's opinion, all adjustments necessary to reflect the effects of these transactions have been made.

14. PRO FORMA FINANCIAL INFORMATION (UNAUDITED) (CONTINUED)

This pro forma financial information is not necessarily indicative of what the actual results of operations of the Operating Partnership would have been assuming such transactions had been completed as of January 1, 1996 or 1997, nor do they represent the results of operations of future periods.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,	
<S>	<C> 1998	<C> 1997	<C> 1997	<C> 1996
Total revenues	$ 116,530	$ 116,554	$ 429,796	$ 407,181
Operating and other expenses	(34,470)	(35,779)	(129,293)	(125,618)
General and administrative	(6,600)	(6,070)	(24,112)	(21,462)
Depreciation and amortization	(17,982)	(16,910)	(61,197)	(59,440)
Interest expense	(22,753)	(24,469)	(66,496)	(67,217)
Income before extraordinary item and Preferred Unit distribution requirement	34,725	33,326	148,698	133,444
Preferred Unit distribution requirement	(3,911)	(3,891)	(15,563)	(15,563)
Income before extraordinary item available for common unitholders	$ 30,814	$ 29,435	$ 133,135	$ 117,881
Basic earnings per common unit	$ 0.49	$ 0.48	$ 2.39	$ 2.12
Basic weighted average units outstanding	62,453	61,233	55,773	55,521
Diluted earnings per common unit	$ 0.48	$ 0.48	$ 2.35	$ 2.11
Diluted weighted average units outstanding	63,676	61,965	56,573	55,786

</TABLE>

15. CONDENSED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following summarizes the condensed quarterly financial information for the Operating Partnership:

<TABLE>
<CAPTION>

	QUARTER ENDED 1997			
	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 74,495	$ 62,609	$ 60,542	$ 52,155
Operating and other expenses	22,580	18,928	18,068	15,574
General and administrative	5,260	3,675	3,754	3,173
Depreciation and amortization	11,194	9,339	8,799	7,493
Interest expense	10,680	10,694	9,884	7,820
Non-recurring merger-related charges	46,519	--	--	--
Loss/Income before extraordinary item	(21,738)	19,973	20,037	18,095
Extraordinary item--loss on early retirement debt	--	3,985	--	--
Net (loss) income	$ (21,738)	$ 15,988	$ 20,037	$ 18,095
BASIC EARNINGS PER UNIT:				
(Loss) income before extraordinary item	$ (1.00)	$ 0.49	$ 0.49	$ 0.45
Extraordinary item	--	(0.10)	--	--
Net (loss) income	$ (1.00)	$ 0.39	$ 0.49	$ 0.45
DILUTED EARNINGS PER UNIT:				
(Loss) income before extraordinary item	$ (1.00)	$ 0.49	$ 0.49	$ 0.44
Extraordinary item	--	(0.10)	--	--
Net (loss) income	$ (1.00)	$ 0.39	$ 0.49	$ 0.44
Distributions declared per common unit	$ 0.50	$ 0.50	$ 0.45	$ 0.45

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) (CONTINUED)

15. CONDENSED QUARTERLY FINANCIAL INFORMATION (UNAUDITED) (CONTINUED)

<TABLE>
<CAPTION>

	QUARTER ENDED 1996			
	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 32,370	$ 22,518	$ 21,013	$ 19,571
Operating and other expenses	9,404	7,035	6,579	6,644
General and administrative	2,365	1,371	1,128	936
Depreciation and amortization	4,880	3,469	3,348	3,034
Interest expense	4,665	2,999	3,265	2,829
Income before gain on sale of rental property extraordinary item	11,056	7,644	6,693	6,128
Gain on sale of rental property	--	--	--	5,658
Income before extraordinary item	11,056	7,644	6,693	11,786
Extraordinary item--loss on early retirement debt	--	--	--	561
Net income	$ 11,056	$ 7,644	$ 6,693	$ 11,225
BASIC EARNINGS PER UNIT:				
Income before extraordinary item	$ 0.39	$ 0.39	$ 0.37	$ 0.66
Extraordinary item	--	--	--	(0.03)
Net income	$ 0.39	$ 0.39	$ 0.37	$ 0.63
DILUTED EARNINGS PER UNIT:				
Income before extraordinary item	$ 0.38	$ 0.38	$ 0.37	$ 0.65
Extraordinary item	--	--	--	(0.03)
Net income	$ 0.38	$ 0.38	$ 0.37	$ 0.62

Distributions declared per common unit.....	$ 0.45	$ 0.45	$ 0.43	$ 0.43

</TABLE>

SCHEDULE III

MACK-CALI REALTY, L.P.

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTY LOCATION(2)	YEAR BUILT	ACQUIRED	RELATED ENCUMBRANCES	INITIAL COSTS		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
				LAND	BUILDING AND IMPROVEMENTS	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ATLANTIC COUNTY, NEW JERSEY						
EGG HARBOR						
100 Decadon Drive(O).....	1987	1995	--	$ 300	$ 3,282	$ 71
200 Decadon Drive(O).....	1991	1995	--	369	3,241	97
BERGEN COUNTY, NEW JERSEY						
FAIR LAWN						
17-17 Rte 208 N.(O).....	1987	1995	$ 18,033	3,067	19,415	282
FORT LEE						
One Bridge Plaza(O).....	1981	1996	13,800	2,439	24,462	1,137
LITTLE FERRY						
200 Riser Road(O).....	1974	1997	7,006	3,888	15,551	--
MONTVALE						
135 Chestnut Ridge Road(O).....	1981	1997	--	2,587	10,350	--
95 Chestnut Ridge Road(O).....	1975	1997	1,183	1,227	4,907	--
PARAMUS						
140 Ridgewood Avenue(O).....	1981	1997	--	7,932	31,729	--
15 East Midland Avenue(O).....	1988	1997	28,022	10,375	41,497	--
461 From Road(O).....	1988	1997	29,890	13,194	52,778	--
61 South Paramus Avenue(O).....	1985	1997	--	9,005	36,018	--
650 From Road(O).....	1978	1997	--	10,487	41,949	--
ROCHELLE PARK						
120 Passaic Street(O).....	1972	1997	--	1,354	5,415	--
365 West Passaic Street(O).....	1976	1997	--	4,148	16,592	--
SADDLE RIVER						
1 Lake Street(O).....	1973/94	1997	--	13,952	55,812	--
WOODCLIFF LAKE						
400 Chestnut Ridge Road(O).....	1982	1997	15,281	4,201	16,802	--
470 Chestnut Ridge Road(O).....	1987	1997	--	2,346	9,385	--
530 Chestnut Ridge Road(O).....	1986	1997	--	1,860	7,441	--
50 Tice Boulevard(O).....	1984	1994	19,300	4,500	--	25,325
300 Tice Boulevard(O).....	1991	1996	17,400	5,424	29,688	162
BURLINGTON COUNTY, NEW JERSEY						
DELRAN						
Tenby Chase Apartments(M).....	1970	1994	--	396	--	5,107
MOORESTOWN						
224 Strawbridge Drive(O).....	1984	1997	--	766	4,334	1,381
228 Strawbridge Drive(O).....	1984	1997	--	767	4,333	383
ESSEX COUNTY, NEW JERSEY						
MILLBURN						
150 J.F. Kennedy Parkway(O).....	1980	1997	28,890	12,606	50,425	--
ROSELAND						
101 Eisenhower Parkway(O).....	1980	1994	10,900	228	--	13,930
103 Eisenhower Parkway(O).....	1985	1994	11,200	--	--	14,040
HUDSON COUNTY, NEW JERSEY						
JERSEY CITY						
95 Christopher Columbus Drive(O)...	1989	1994	74,600	6,205	--	79,479
Harborside Financial Center Plaza I(O).....	1983	1996	--	3,923	51,013	5
Harborside Financial Center Plaza II(O).....	1990	1996	48,099	17,655	101,546	1,343
Harborside Financial Center Plaza III(O).....	1990	1996	107,635	17,655	101,878	367
MERCER COUNTY, NEW JERSEY						
HAMILTON TOWNSHIP						
100 Horizon Drive(F).....	1989	1995	--	205	1,676	--
200 Horizon Drive(F).....	1991	1995	--	205	3,027	1
300 Horizon Drive(F).....	1989	1995	--	379	4,355	8
500 Horizon Drive(F).....	1990	1995	--	379	3,395	86

PRINCETON						
5 Vaughn Drive(O).....	1987	1995	--	657	9,800	148
400 Alexander Road(O).....	1987	1995	--	344	3,917	2,397
103 Carnegie Center(O).....	1984	1996	--	2,566	7,868	362
100 Overlook Center(O).....	1988	1997	--	4,068	23,150	--

<CAPTION>

	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD(1)			
PROPERTY LOCATION(2)	LAND	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION
<S>	<C>	<C>	<C>	<C>
ATLANTIC COUNTY, NEW JERSEY				
EGG HARBOR				
100 Decadon Drive(O).....	$ 300	$ 3,353	$ 3,653	$ 180
200 Decadon Drive(O).....	369	3,338	3,707	193
BERGEN COUNTY, NEW JERSEY				
FAIR LAWN				
17-17 Rte 208 N.(O).....	3,067	19,697	22,764	1,420
FORT LEE				
One Bridge Plaza(O).....	2,439	25,599	28,038	644
LITTLE FERRY				
200 Riser Road(O).....	3,888	15,551	19,439	17
MONTVALE				
135 Chestnut Ridge Road(O).....	2,587	10,350	12,937	11
95 Chestnut Ridge Road(O).....	1,227	4,907	6,134	5
PARAMUS				
140 Ridgewood Avenue(O).....	7,932	31,729	39,661	35
15 East Midland Avenue(O).....	10,375	41,497	51,872	46
461 From Road(O).....	13,194	52,778	65,972	58
61 South Paramus Avenue(O).....	9,005	36,018	45,023	40
650 From Road(O).....	10,487	41,949	52,436	46
ROCHELLE PARK				
120 Passaic Street(O).....	1,354	5,415	6,769	6
365 West Passaic Street(O).....	4,148	16,592	20,740	18
SADDLE RIVER				
1 Lake Street(O).....	13,952	55,812	69,764	62
WOODCLIFF LAKE				
400 Chestnut Ridge Road(O).....	4,201	16,802	21,003	16
470 Chestnut Ridge Road(O).....	2,346	9,385	11,731	10
530 Chestnut Ridge Road(O).....	1,860	7,441	9,301	8
50 Tice Boulevard(O).....	4,500	25,325	29,825	9,453
300 Tice Boulevard(O).....	5,424	29,850	35,274	813
BURLINGTON COUNTY, NEW JERSEY				
DELRAN				
Tenby Chase Apartments(M).....	396	5,107	5,503	3,138
MOORESTOWN				
224 Strawbridge Drive(O).....	766	5,715	6,481	--
228 Strawbridge Drive(O).....	767	4,716	5,483	--
ESSEX COUNTY, NEW JERSEY				
MILLBURN				
150 J.F. Kennedy Parkway(O).....	12,606	50,425	63,031	56
ROSELAND				
101 Eisenhower Parkway(O).....	228	13,930	14,158	6,849
103 Eisenhower Parkway(O).....	2,300	11,740	14,040	4,643
HUDSON COUNTY, NEW JERSEY				
JERSEY CITY				
95 Christopher Columbus Drive(O)...	6,205	79,479	85,684	19,212
Harborside Financial Center Plaza I(O).....	3,923	51,018	54,941	1,488
Harborside Financial Center Plaza II(O).....	17,843	101,721	119,544	2,994
Harborside Financial Center Plaza III(O).....	17,823	102,077	119,900	2,993
MERCER COUNTY, NEW JERSEY				
HAMILTON TOWNSHIP				
100 Horizon Drive(F).....	205	1,676	1,881	99
200 Horizon Drive(F).....	205	3,028	3,233	164
300 Horizon Drive(F).....	379	4,363	4,742	237
500 Horizon Drive(F).....	379	3,481	3,860	204
PRINCETON				
5 Vaughn Drive(O).....	657	9,948	10,605	620
400 Alexander Road(O).....	344	6,314	6,658	415
103 Carnegie Center(O).....	2,566	8,230	10,796	397
100 Overlook Center(O).....	4,068	23,150	27,218	--

</TABLE>

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTY LOCATION(2)	YEAR BUILT	ACQUIRED	RELATED ENCUMBRANCES	INITIAL COSTS		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
				LAND	BUILDING AND IMPROVEMENTS	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
MIDDLESEX COUNTY, NEW JERSEY						
EAST BRUNSWICK						
377 Summerhill Road(O).....	1977	1997	--	649	2,594	--
SOUTH BRUNSWICK						
3 Independence Way(O).....	1983	1997	--	1,997	11,391	--
WOODBRIDGE						
581 Main Street(O).....	1991	1997	24,707	3,237	12,949	--
MONMOUTH COUNTY, NEW JERSEY						
NEPTUNE						
3600 Route 66(O).....	1989	1995	12,200	1,098	18,146	40
WALL TOWNSHIP						
1305 Campus Parkway(O).....	1988	1995	--	335	2,560	39
1320 Wykoff Avenue(F).....	1986	1995	--	255	1,285	--
1324 Wykoff Avenue(F).....	1987	1995	--	230	1,439	88
1325 Campus Parkway(F).....	1988	1995	--	270	2,928	24
1340 Campus Parkway(F).....	1992	1995	--	489	4,621	100
1350 Campus Parkway(O).....	1990	1995	--	454	7,134	487
1433 Highway 34(F).....	1985	1995	--	889	4,321	241
1345 Campus Parkway(F).....	1995	1997	--	1,023	5,703	--
MORRIS COUNTY, NEW JERSEY						
FLORHAM PARK						
325 Columbia Parkway(O).....	1987	1994	12,800	1,564	--	15,116
PARSIPPANY						
600 Parsippany Road(O).....	1978	1994	--	1,257	5,594	444
MORRIS PLAINS						
201 Littleton Road(O).....	1979	1997	--	2,407	9,627	--
250 Johnston Road(O).....	1977	1997	2,354	2,004	8,016	--
MORRIS TOWNSHIP						
340 Mt. Kemble Avenue(O).....	1985	1997	32,178	13,624	54,496	--
412 Mt. Kemble Avenue(O).....	1986	1997	40,025	15,737	62,954	--
PASSAIC COUNTY, NEW JERSEY						
CLIFTON						
777 Passaic Avenue(O).....	1983	1994	--	--	--	6,932
TOTOWA						
11 Commerce Way(F).....	1989	1995	--	586	2,986	65
120 Commerce Way(F).....	1994	1995	--	228	--	1,187
140 Commerce Way(F).....	1994	1995	--	229	--	1,187
20 Commerce Way(F).....	1992	1995	--	516	3,108	26
29 Commerce Way(F).....	1990	1995	--	586	3,092	225
40 Commerce Way(F).....	1987	1995	--	516	3,260	399
45 Commerce Way(F).....	1992	1995	--	536	3,379	103
60 Commerce Way(F).....	1988	1995	--	526	3,257	226
999 Riverview Drive(O).....	1988	1995	--	476	6,024	115
100 Commerce Way(F).....	1996	1996	--	226	--	1,615
80 Commerce Way(F).....	1996	1996	--	227	--	1,616
WAYNE						
201 Willowbrook Boulevard(O).....	1970	1997	11,637	3,103	12,410	--
SOMERSET COUNTY, NEW JERSEY						
BASKING RIDGE						
222 Mt. Airy Road(O).....	1986	1996	--	775	3,636	16
233 Mt. Airy Road(O).....	1987	1996	--	1,034	5,033	16
BRIDGEWATER						
721 Route 202/206(O).....	1989	1997	24,315	6,730	26,919	--
UNION COUNTY, NEW JERSEY						
CLARK						
100 Walnut Avenue(O).....	1985	1994	13,900	--	--	17,299
CRANFORD						
11 Commerce Drive(O).....	1981	1994	--	470	--	5,807
20 Commerce Drive(O).....	1990	1994	11,000	2,346	--	21,192
6 Commerce Drive(O).....	1973	1994	2,900	250	--	2,655
65 Jackson Drive(O).....	1984	1994	--	541	--	6,944
12 Commerce Drive(O).....	1967	1997	--	887	3,549	--
NEW PROVIDENCE						
890 Mountain Road(O).....	1977	1997	8,551	2,796	11,185	--
DUTCHESS COUNTY, NEW YORK						
FISHKILL						
300 South Lake Drive(O).....	1987	1997	--	2,258	9,031	--

<CAPTION>

PROPERTY LOCATION(2)	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD(1)			ACCUMULATED DEPRECIATION
	LAND	BUILDING AND IMPROVEMENTS	TOTAL	
<S>	<C>	<C>	<C>	<C>
MIDDLESEX COUNTY, NEW JERSEY				
EAST BRUNSWICK				
377 Summerhill Road(O).....	649	2,594	3,243	3
SOUTH BRUNSWICK				
3 Independence Way(O).....	1,997	11,391	13,388	95
WOODBRIDGE				
581 Main Street(O).....	3,237	12,949	16,186	14
MONMOUTH COUNTY, NEW JERSEY				
NEPTUNE				
3600 Route 66(O).....	1,098	18,186	19,284	987
WALL TOWNSHIP				
1305 Campus Parkway(O).....	335	2,599	2,934	166
1320 Wykoff Avenue(F).....	255	1,285	1,540	70
1324 Wykoff Avenue(F).....	230	1,527	1,757	78
1325 Campus Parkway(F).....	270	2,952	3,222	166
1340 Campus Parkway(F).....	489	4,721	5,210	250
1350 Campus Parkway(O).....	454	7,621	8,075	427
1433 Highway 34(F).....	889	4,562	5,451	282
1345 Campus Parkway(F).....	1,023	5,703	6,726	133
MORRIS COUNTY, NEW JERSEY				
FLORHAM PARK				
325 Columbia Parkway(O).....	1,564	15,116	16,680	5,024
PARSIPPANY				
600 Parsippany Road(O).....	1,257	6,038	7,295	493
MORRIS PLAINS				
201 Littleton Road(O).....	2,407	9,627	12,034	11
250 Johnston Road(O).....	2,004	8,016	10,020	9
MORRIS TOWNSHIP				
340 Mt. Kemble Avenue(O).....	13,624	54,496	68,120	60
412 Mt. Kemble Avenue(O).....	15,737	62,954	78,691	70
PASSAIC COUNTY, NEW JERSEY				
CLIFTON				
777 Passaic Avenue(O).....	1,100	5,832	6,932	2,230
TOTOWA				
11 Commerce Way(F).....	586	3,051	3,637	167
120 Commerce Way(F).....	228	1,187	1,415	--
140 Commerce Way(F).....	229	1,187	1,416	128
20 Commerce Way(F).....	516	3,134	3,650	169
29 Commerce Way(F).....	586	3,317	3,903	214
40 Commerce Way(F).....	516	3,659	4,175	209
45 Commerce Way(F).....	536	3,482	4,018	221
60 Commerce Way(F).....	526	3,483	4,009	222
999 Riverview Drive(O).....	476	6,139	6,615	345
100 Commerce Way(F).....	226	1,615	1,841	79
80 Commerce Way(F).....	227	1,616	1,843	79
WAYNE				
201 Willowbrook Boulevard(O).....	3,103	12,410	15,513	14
SOMERSET COUNTY, NEW JERSEY				
BASKING RIDGE				
222 Mt. Airy Road(O).....	775	3,652	4,427	129
233 Mt. Airy Road(O).....	1,034	5,049	6,083	179
BRIDGEWATER				
721 Route 202/206(O).....	6,730	26,919	33,649	30
UNION COUNTY, NEW JERSEY				
CLARK				
100 Walnut Avenue(O).....	1,822	15,477	17,299	5,750
CRANFORD				
11 Commerce Drive(O).....	470	5,807	6,277	2,824
20 Commerce Drive(O).....	2,346	21,192	23,538	4,980
6 Commerce Drive(O).....	250	2,655	2,905	1,458
65 Jackson Drive(O).....	541	6,944	7,485	2,475
12 Commerce Drive(O).....	887	3,549	4,436	4
NEW PROVIDENCE				
890 Mountain Road(O).....	2,796	11,185	13,981	12
DUTCHESS COUNTY, NEW YORK				
FISHKILL				
300 South Lake Drive(O).....	2,258	9,031	11,289	10

</TABLE>

DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTY LOCATION(2)	YEAR BUILT	ACQUIRED	RELATED ENCUMBRANCES	INITIAL COSTS LAND	INITIAL COSTS BUILDING AND IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NASSAU COUNTY, NEW YORK						
NORTH HEMPSTEAD						
111 East Shore Road(O).....	1980	1997	8,000	2,093	8,370	--
600 Community Drive(O).....	1983	1997	--	11,018	44,070	--
ROCKLAND COUNTY, NEW YORK						
SUFFERN						
400 Rella Boulevard(O).....	1988	1995	--	1,090	13,412	457
WESTCHESTER COUNTY, NEW YORK						
ELMSFORD						
1 Warehouse Lane(I).....	1957	1997	161	3	268	--
1 Westchester Plaza(F).....	1967	1997	1,320	199	2,023	17
100 Clearbrook Road(O).....	1975	1997	1,281	220	5,366	98
101 Executive Boulevard(O).....	1971	1997	3,600	267	5,838	19
11 Clearbrook Road(F).....	1974	1997	1,367	149	2,159	--
150 Clearbrook Road(F).....	1975	1997	4,464	497	7,030	--
175 Clearbrook Road(F).....	1973	1997	4,826	655	7,473	197
2 Warehouse Lane(I).....	1957	1997	402	4	672	--
2 Westchester Plaza(F).....	1968	1997	1,760	234	2,726	--
200 Clearbrook Road(F).....	1974	1997	4,263	579	6,620	8
250 Clearbrook Road(F).....	1973	1997	5,631	867	8,647	205
3 Warehouse Lane(I).....	1957	1997	1,166	21	1,948	--
3 Westchester Plaza(F).....	1969	1997	5,080	655	7,936	--
300 Executive Boulevard(F).....	1970	1997	2,403	460	3,609	--
350 Executive Boulevard(F).....	1970	1997	--	100	1,793	--
399 Executive Boulevard(F).....	1962	1997	4,560	531	7,191	--
4 Warehouse Lane(I).....	1957	1997	8,043	84	13,393	8
4 Westchester Plaza(F).....	1969	1997	2,400	320	3,729	12
400 Executive Boulevard(F).....	1970	1997	2,403	2,202	1,846	--
5 Warehouse Lane(I).....	1957	1997	2,855	19	4,804	3
5 Westchester Plaza(F).....	1969	1997	1,200	118	1,949	--
50 Executive Boulevard(F).....	1969	1997	1,680	237	2,617	--
500 Executive Boulevard(F).....	1970	1997	2,643	258	4,183	--
525 Executive Boulevard(F).....	1972	1997	--	345	5,499	--
570 Taxter Road(O).....	1972	1997	3,847	438	6,078	18
6 Warehouse Lane(I).....	1982	1997	2,654	10	4,419	--
6 Westchester Plaza(F).....	1968	1997	1,280	164	1,998	--
7 Westchester Plaza(F).....	1972	1997	2,720	286	4,321	9
700 Executive Boulevard(L).....	N/A	1997	--	970	--	--
75 Clearbrook Road(F).....	1990	1997	--	2,313	4,717	--
77 Executive Boulevard(F).....	1977	1997	3,982	34	1,104	--
8 Westchester Plaza(F).....	1971	1997	3,378	447	5,262	111
85 Executive Boulevard(F).....	1968	1997	1,562	155	2,507	--
HAWTHORNE						
1 Skyline Drive(O).....	1980	1997	--	66	1,711	--
10 Skyline Drive(F).....	1985	1997	1,729	134	2,799	109
11 Skyline Drive(F).....	1989	1997	--	--	4,788	--
15 Skyline Drive(F).....	1989	1997	--	--	7,449	305
17 Skyline Drive(O).....	1989	1997	--	--	7,269	--
2 Skyline Drive(O).....	1987	1997	--	109	3,128	--
200 Saw Mill River Road(F).....	1965	1997	2,172	353	3,353	4
30 Saw Mill River Road(O).....	1982	1997	21,553	2,355	34,254	--
4 Skyline Drive(F).....	1987	1997	--	363	7,513	210
8 Skyline Drive(F).....	1985	1997	2,734	212	4,410	--
TARRYTOWN						
200 White Plains Road(O).....	1982	1997	5,150	378	8,367	335
220 White Plains Road(O).....	1984	1997	5,030	367	8,112	15
230 White Plains Road(R).....	1984	1997	1,158	124	1,845	--
WHITE PLAINS						
1 Barker Avenue(O).....	1975	1997	--	208	9,629	33
1 Water Street(O).....	1979	1997	3,298	211	5,382	6
11 Martine Avenue(O).....	1987	1997	15,465	127	26,833	--
25 Martine Avenue(M).....	1987	1997	--	120	11,366	--
3 Barker Avenue(O).....	1983	1997	122	7,864	249	122
50 Main Street(O).....	1985	1997	27,919	564	48,105	144

<CAPTION>

PROPERTY LOCATION(2)	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD(1) LAND	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION

<S>	<C>	<C>	<C>	<C>	<C>	
NASSAU COUNTY, NEW YORK						
NORTH HEMPSTEAD						
111 East Shore Road(O).....	2,093	8,370	10,463	9		
600 Community Drive(O).....	11,018	44,070	55,088	49		
ROCKLAND COUNTY, NEW YORK						
SUFFERN						
400 Rella Boulevard(O).....	1,090	13,869	14,959	982		
WESTCHESTER COUNTY, NEW YORK						
ELMSFORD						
1 Warehouse Lane(I).....	3	268	271	6		
1 Westchester Plaza(F).....	199	2,040	2,239	47		
100 Clearbrook Road(O).....	220	5,464	5,684	125		
101 Executive Boulevard(O).....	267	5,857	6,124	136		
11 Clearbrook Road(F).....	149	2,159	2,308	49		
150 Clearbrook Road(F).....	497	7,030	7,527	161		
175 Clearbrook Road(F).....	655	7,670	8,325	184		
2 Warehouse Lane(I).....	4	672	676	15		
2 Westchester Plaza(F).....	234	2,726	2,960	62		
200 Clearbrook Road(F).....	579	6,628	7,207	152		
250 Clearbrook Road(F).....	867	8,852	9,719	203		
3 Warehouse Lane(I).....	21	1,948	1,969	45		
3 Westchester Plaza(F).....	655	7,936	8,591	182		
300 Executive Boulevard(F).....	460	3,609	4,069	83		
350 Executive Boulevard(F).....	100	1,793	1,893	41		
399 Executive Boulevard(F).....	531	7,191	7,722	165		
4 Warehouse Lane(I).....	84	13,401	13,485	309		
4 Westchester Plaza(F).....	320	3,741	4,061	87		
400 Executive Boulevard(F).....	2,202	1,846	4,048	42		
5 Warehouse Lane(I).....	19	4,807	4,826	111		
5 Westchester Plaza(F).....	118	1,949	2,067	45		
50 Executive Boulevard(F).....	237	2,617	2,854	60		
500 Executive Boulevard(F).....	258	4,183	4,441	96		
525 Executive Boulevard(F).....	345	5,499	5,844	126		
570 Taxter Road(O).....	438	6,096	6,534	143		
6 Warehouse Lane(I).....	10	4,419	4,429	101		
6 Westchester Plaza(F).....	164	1,998	2,162	46		
7 Westchester Plaza(F).....	286	4,330	4,616	100		
700 Executive Boulevard(L).....	970	--	970	--		
75 Clearbrook Road(F).....	2,313	4,717	7,030	108		
77 Executive Boulevard(F).....	34	1,104	1,138	25		
8 Westchester Plaza(F).....	447	5,373	5,820	128		
85 Executive Boulevard(F).....	155	2,507	2,662	57		
HAWTHORNE						
1 Skyline Drive(O).....	66	1,711	1,777	39		
10 Skyline Drive(F).....	134	2,908	3,042	69		
11 Skyline Drive(F).....	--	4,788	4,788	110		
15 Skyline Drive(F).....	--	7,754	7,754	211		
17 Skyline Drive(O).....	--	7,269	7,269	167		
2 Skyline Drive(O).....	109	3,128	3,237	72		
200 Saw Mill River Road(F).....	353	3,357	3,710	77		
30 Saw Mill River Road(O).....	2,355	34,254	36,609	785		
4 Skyline Drive(F).....	363	7,723	8,086	187		
8 Skyline Drive(F).....	212	4,410	4,622	101		
TARRYTOWN						
200 White Plains Road(O).....	378	8,702	9,080	250		
220 White Plains Road(O).....	367	8,127	8,494	193		
230 White Plains Road(R).....	124	1,845	1,969	42		
WHITE PLAINS						
1 Barker Avenue(O).....	208	9,662	9,870	225		
1 Water Street(O).....	211	5,388	5,599	124		
11 Martine Avenue(O).....	127	26,833	26,960	615		
25 Martine Avenue(M).....	120	11,366	11,486	260		
3 Barker Avenue(O).....	8,113	8,235	191			
50 Main Street(O).....	564	48,249	48,813	1,111		

</TABLE>

SCHEDULE III

MACK-CALI REALTY, L.P.

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

				INITIAL COSTS		COSTS CAPITALIZED
PROPERTY LOCATION(2)	YEAR BUILT	ACQUIRED	RELATED ENCUMBRANCES	LAND	BUILDING AND IMPROVEMENTS	SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>

YONKERS							
1 Enterprise Boulevard(L).....	N/A	1997	--	1,380	--	--	
1 Executive Boulevard(O).....	1982	1997	684	1,104	11,904		24
1 Odell Plaza(F).....	1980	1997	--	1,206	6,815	--	
100 Corporate Boulevard(F).....	1987	1997	6,211	602	9,910	--	
2 Executive Plaza(R).....	1986	1997	7,722	89	2,439	--	
3 Executive Plaza(O).....	1987	1997	--	385	6,259		4
4 Executive Plaza(F).....	1986	1997	1,528	584	6,134		162
5 Odell Plaza(F).....	1983	1997	--	331	2,988	--	
6 Executive Plaza(F).....	1987	1997	--	546	7,246	--	
7 Odell Plaza(F).....	1984	1997	--	419	4,418		53
200 Corporate Boulevard South(F)...	1990	1997	--	502	7,575	--	
CHESTER COUNTY, PENNSYLVANIA							
BERWYN							
1000 Westlakes Drive(O).....	1989	1997	--	619	9,016		60
1055 Westlakes Drive(O).....	1990	1997	--	1,951	19,046		116
1205 Westlakes Drive(O).....	1988	1997	--	1,323	20,098		127
1235 Westlakes Drive(O).....	1986	1997	--	1,417	21,215		136
DELAWARE COUNTY, PENNSYLVANIA							
MEDIA							
1400 Providence Rd--Center I(O)....	1986	1996	--	1,042	9,054		532
1400 Providence Rd. - Center II(O).....	1990	1996	--	1,543	16,464		518
LESTER							
100 Stevens Drive(O).....	1986	1996	--	1,349	10,018		109
200 Stevens Drive(O).....	1987	1996	--	1,644	20,186		133
300 Stevens Drive(O).....	1992	1996	--	491	9,490		74
MONTGOMERY COUNTY, PENNSYLVANIA							
LOWER PROVIDENCE							
1000 Madison Avenue(O).....	1990	1997	--	1,713	12,559		1
PLYMOUTH MEETING							
Five Sentry East(O).....	1984	1996	--	642	8,168		255
Five Sentry West(O).....	1984	1996	--	268	3,406		34
1150 Plymouth Meeting Mall(O).....	1970	1997	--	125	499	--	
FAIRFIELD COUNTY, CONNECTICUT							
STAMFORD							
419 West Avenue & Expans(F).....	1986	1997	--	4,538	9,246	--	
500 West Avenue(F).....	1988	1997	--	415	1,679	--	
550 West Avenue(F).....	1990	1997	--	1,975	3,856	--	
SHELTON							
1000 Bridgeport Avenue(O).....	1986	1997	773	15,036	--		773
BEXAR COUNTY, TEXAS							
SAN ANTONIO							
111 Soledad(O).....	1918	1997	--	2,004	8,017	--	
1777 N.E. Loop 410(O).....	1986	1997	--	3,119	12,477	--	
84 N.E. Loop 410(O).....	1971	1997	--	2,596	10,382	--	
200 Concord Plaza Drive(O).....	1986	1997	--	5,109	28,967	--	
COLLIN COUNTY, TEXAS							
PLANO							
555 Republic Place(O).....	1986	1997	--	942	3,767	--	
DALLAS COUNTY, TEXAS							
DALLAS							
3030 LBJ Freeway(O).....	1984	1997	--	6,098	24,366	--	
3100 Monticello(O).....	1984	1997	--	1,940	7,762	--	
8214 Westchester(O).....	1983	1997	--	1,705	6,819	--	
IRVING							
2300 Valley View(O).....	1985	1997	--	1,913	7,651	--	
RICHARDSON							
1122 Alma Road(O).....	1977	1997	--	754	3,015	--	

<CAPTION>

	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD(1)			
PROPERTY LOCATION(2)	LAND	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION
<S>	<C>	<C>	<C>	<C>
YONKERS				
1 Enterprise Boulevard(L).....	1,380	--	1,380	--
1 Executive Boulevard(O).....	1,104	11,928	13,032	284
1 Odell Plaza(F).....	1,206	6,815	8,021	156
100 Corporate Boulevard(F).....	602	9,910	10,512	227
2 Executive Plaza(R).....	89	2,439	2,528	56
3 Executive Plaza(O).....	385	6,263	6,648	143
4 Executive Plaza(F).....	584	6,296	6,880	150
5 Odell Plaza(F).....	331	2,988	3,319	68

6 Executive Plaza(F).....	546	7,246	7,792	166
7 Odell Plaza(F).....	419	4,471	4,890	108
200 Corporate Boulevard South(F)...	502	7,575	8,077	174
CHESTER COUNTY, PENNSYLVANIA				
BERWYN				
1000 Westlakes Drive(O).....	619	9,076	9,695	167
1055 Westlakes Drive(O).....	1,951	19,162	21,113	343
1205 Westlakes Drive(O).....	1,323	20,225	21,548	359
1235 Westlakes Drive(O).....	1,417	21,351	22,768	391
DELAWARE COUNTY, PENNSYLVANIA				
MEDIA				
1400 Providence Rd--Center I(O)....	1,042	9,586	10,628	395
1400 Providence Rd. - Center II(O).....	1,543	16,982	18,525	711
LESTER				
100 Stevens Drive(O).....	1,349	10,127	11,476	253
200 Stevens Drive(O).....	1,644	20,319	21,963	508
300 Stevens Drive(O).....	491	9,564	10,055	239
MONTGOMERY COUNTY, PENNSYLVANIA				
LOWER PROVIDENCE				
1000 Madison Avenue(O).....	1,713	12,559	14,272	32
PLYMOUTH MEETING				
Five Sentry East(O).....	642	8,423	9,065	239
Five Sentry West(O).....	268	3,440	3,708	100
1150 Plymouth Meeting Mall(O).....	125	499	624	1
FAIRFIELD COUNTY, CONNECTICUT				
STAMFORD				
419 West Avenue & Expans(F).....	4,538	9,246	13,784	213
500 West Avenue(F).....	415	1,679	2,094	38
550 West Avenue(F).....	1,975	3,856	5,831	88
SHELTON				
1000 Bridgeport Avenue(O).....	15,036	15,809	148	
BEXAR COUNTY, TEXAS				
SAN ANTONIO				
111 Soledad(O).....	2,004	8,017	10,021	9
1777 N.E. Loop 410(O).....	3,119	12,477	15,596	14
84 N.E. Loop 410(O).....	2,596	10,382	12,978	11
200 Concord Plaza Drive(O).....	5,109	28,967	34,076	30
COLLIN COUNTY, TEXAS				
PLANO				
555 Republic Place(O).....	942	3,767	4,709	4
DALLAS COUNTY, TEXAS				
DALLAS				
3030 LBJ Freeway(O).....	6,098	24,366	30,464	27
3100 Monticello(O).....	1,940	7,762	9,702	9
8214 Westchester(O).....	1,705	6,819	8,524	8
IRVING				
2300 Valley View(O).....	1,913	7,651	9,564	8
RICHARDSON				
1122 Alma Road(O).....	754	3,015	3,769	3

</TABLE>

SCHEDULE III

MACK-CALI REALTY, L.P.

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTY LOCATION(2)	YEAR BUILT	ACQUIRED	RELATED ENCUMBRANCES	INITIAL COSTS LAND	INITIAL COSTS BUILDING AND IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
HARRIS COUNTY, TEXAS						
HOUSTON						
10497 Town & Country Way(O).....	1981	1997	--	1,619	6,476	--
14511 Falling Creek(O).....	1982	1997	--	434	1,738	--
1717 St. James Place(O).....	1975	1997	--	909	3,636	--
1770 St. James Place(O).....	1973	1997	--	730	2,920	--
5225 Katy Freeway(O).....	1983	1997	--	1,403	5,610	--
5300 Memorial(O).....	1982	1997	--	1,283	7,269	--
POTTER COUNTY, TEXAS						
AMARILLO						
6900 IH--40 West(O).....	1986	1997	--	287	1,147	--
TARRANT COUNTY, TEXAS						
EULESS						
150 West Park Way(O).....	1984	1997	--	852	3,410	--

MARICOPA COUNTY, ARIZONA						
GLENDALE						
5551 West Talavi Boulevard(O).....	1991	1997	7,847	2,732	10,927	--
PHOENIX						
19640 North 31st Street(O).....	1990	1997	11,518	3,437	13,747	--
20002 North 19th Avenue(O).....	1986	1997	--	1,843	7,371	--
SCOTTSDALE						
9060 E. Via Linda Boulevard(O).....	1984	1997	10,095	3,720	14,879	--
SAN FRANCISCO COUNTY, CALIFORNIA						
SAN FRANCISCO						
760 Market Street(O).....	1908	1997	--	5,588	22,352	--
HILLSBOROUGH COUNTY, FLORIDA						
TAMPA						
501 Kennedy Boulevard(O).....	1982	1997	--	3,959	15,837	--
POLK COUNTY, IOWA						
WEST DES MOINES						
2600 Westown Parkway(O).....	1988	1997	--	1,708	6,833	--
DOUGLAS COUNTY, NEBRASKA						
OMAHA						
210 South 16th Street(O).....	1894	1997	--	2,559	10,236	--
Projects Under Development.....				1,163	--	1,073
Furniture, Fixtures & Equipment....				--	--	4,316
TOTALS.....			$850,550	$368,684	$2,020,297	$240,635

<CAPTION>

PROPERTY LOCATION(2)	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD(1) LAND	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION
<S>	<C>	<C>	<C>	<C>
HARRIS COUNTY, TEXAS				
HOUSTON				
10497 Town & Country Way(O).....	1,619	6,476	8,095	7
14511 Falling Creek(O).....	434	1,738	2,172	2
1717 St. James Place(O).....	909	3,636	4,545	4
1770 St. James Place(O).....	730	2,920	3,650	3
5225 Katy Freeway(O).....	1,403	5,610	7,013	6
5300 Memorial(O).....	1,710	6,841	8,551	8
POTTER COUNTY, TEXAS				
AMARILLO				
6900 IH--40 West(O).....	287	1,147	1,434	1
TARRANT COUNTY, TEXAS				
EULESS				
150 West Park Way(O).....	852	3,410	4,262	4
MARICOPA COUNTY, ARIZONA				
GLENDALE				
5551 West Talavi Boulevard(O).....	2,732	10,927	13,659	12
PHOENIX				
19640 North 31st Street(O).....	3,437	13,747	17,184	15
20002 North 19th Avenue(O).....	1,843	7,371	9,214	8
SCOTTSDALE				
9060 E. Via Linda Boulevard(O).....	3,720	14,879	18,599	16
SAN FRANCISCO COUNTY, CALIFORNIA				
SAN FRANCISCO				
760 Market Street(O).....	5,588	22,352	27,940	25
HILLSBOROUGH COUNTY, FLORIDA				
TAMPA				
501 Kennedy Boulevard(O).....	3,959	15,837	19,796	18
POLK COUNTY, IOWA				
WEST DES MOINES				
2600 Westown Parkway(O).....	1,708	6,833	8,541	8
DOUGLAS COUNTY, NEBRASKA				
OMAHA				
210 South 16th Street(O).....	2,559	10,236	12,795	11
Projects Under Development.....	1,163	1,073	2,236	--
Furniture, Fixtures & Equipment....	--	4,316	4,316	1,140
TOTALS.....	$374,242	$2,255,374	$2,629,616	$103,133

</TABLE>

- ----------

(1) The aggregate cost for federal income tax purposes at December 31, 1997 was approximately $1.68 billion.

(2) Legend of Property Codes:

(O)=Office Property

(F)=Office/Flex Property

(I)=Industrial/Warehouse Property

(M)=Multi-family Residential Property

(R)=Stand-alone Retail Property

(L)=Land Lease

MACK-CALI REALTY, L.P.
NOTE TO SCHEDULE III

Changes in rental properties and accumulated depreciation for the periods ended December 31, 1997, 1996 and 1995 are as follows:

<TABLE>
<CAPTION>

RENTAL PROPERTIES	1997	1996	1995
<S>	<C>	<C>	<C>
Balance at beginning of year	$ 853,352	$ 387,675	$ 234,470
Additions	1,776,264	473,371	153,753
Retirements/Disposals	--	(7,694)	(548)
Balance at end year	$ 2,629,616	$ 853,352	$ 387,675
Accumulated Depreciation:			
Balance at beginning of year	$ 68,610	$ 59,095	$ 50,800
Depreciation expense	34,523	12,810	8,807
Retirements/Disposals	--	(3,295)	(512)
Balance at end of year	$ 103,133	$ 68,610	$ 59,095

</TABLE>

SELECTED FINANCIAL DATA
MACK-CALI REALTY, L.P.

The following table sets forth selected financial data on a consolidated basis for the Operating Partnership and on a combined basis for the Cali Group.

<TABLE>
<CAPTION>

	THE OPERATING PARTNERSHIP						THE CALI GROUP	
OPERATING DATA IN THOUSANDS, EXCEPT PER UNIT DATA	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,			AUGUST 31, 1994 TO DECEMBER 31,	JANUARY 1, 1994 TO AUGUST 30,	YEAR ENDED DECEMBER 31,
	1998	1997	1997	1996	1995	1994	1994	1993
	(UNAUDITED)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Total Revenues	$105,823	$52,155	$249,801	$95,472	$62,335	$16,841	$33,637	$47,900
Operating and other expenses	$ 31,067	$15,574	$ 75,150	$29,842	$20,705	$ 5,240	$11,155	$16,408
General and administrative	$ 6,196	$ 3,173	$ 15,862	$ 5,800	$ 3,712	$ 1,079	$ 2,288	$ 2,618
Depreciation and amortization	$ 16,231	$ 7,493	$ 36,825	$14,731	$10,655	$ 3,319	$ 5,093	$ 7,934
Interest expense	$ 18,480	$ 7,820	$ 39,078	$13,758	$10,117	$ 2,213	$13,969	$22,004
Non-recurring merger-related charges	$ --	$ --	$ 46,519	$ --	$ --	$--	$ --	$--
Income(loss) before extraordinary item	$ 33,849	$18,095	$ 36,367	$37,179	$17,146	$ 4,990	$ (110)	$(1,064)
Basic earnings per common unit-- before								

extraordinary item (1)	$ 0.52	$ 0.45	$ 0.05	$ 1.73	$ 1.23	$ 0.38
Diluted earnings per common unit-- before extraordinary item (1)	$ 0.51	$ 0.44	$ 0.05	$ 1.71	$ 1.22	$ 0.38
Distributions declared per common unit	$ 0.50	$ 0.45	$ 1.90	$ 1.75	$ 1.66	$ 0.54
Basic weighted average units outstanding	57,933	40,085	43,356	21,171	13,986	13,302
Diluted weighted average units outstanding	58,682	40,817	44,156	21,436	14,041	13,302

	THE OPERATING PARTNERSHIP					THE CALI GROUP
		DECEMBER 31,				
BALANCE SHEET DATA IN THOUSANDS	MARCH 31, 1998 (UNAUDITED)	1997	1996	1995	1994	DECEMBER 31, 1993
Rental property, before accumulated depreciation and amortization	$3,083,951	$2,629,616	$ 853,352	$387,675	$234,470	$213,675
Total assets	$3,085,315	$2,593,444	$1,026,328	$363,949	$225,295	$208,828
Mortgages and loans payable	$1,207,592	$ 972,650	$ 268,010	$135,464	$ 77,000	$231,981
Total liabilities	$1,305,827	$1,056,759	$ 297,985	$150,058	$ 88,081	$243,163
Partners' capital (deficit)	$1,799,488	$1,536,685	$ 728,343	$213,891	$137,214	$(34,355)

	THE OPERATING PARTNERSHIP							THE CALI GROUP
	THREE MONTHS ENDED		YEAR ENDED DECEMBER 31,			AUGUST 31, 1994 TO	JANUARY 1, 1994 TO	YEAR ENDED
OTHER DATA IN THOUSANDS	MARCH 31, (UNAUDITED) 1998	1997	1997	1996	1995	DECEMBER 31, 1994	AUGUST 30, 1994	DECEMBER 31, 1993
Cash flows provided by operating activities	$ 50,383	$ 31,538	$ 98,142	$ 46,823	$ 28,446	$ 6,367	$ 6,328	$ 2,735
Cash flows (used in) provided by investing activities	$(444,640)	$(242,199)	$(939,501)	$(307,752)	$(133,736)	$(8,947)	$ 1,975	$(3,227)
Cash flows provided by (used in) financing activities	$ 403,270	$ 12,639	$ 639,256	$ 464,769	$ 99,863	$ 8,974	$(1,038)	$ (886)
Funds from operations (2)	$ 42,855	$ 23,967	$ 110,864	$ 45,220	$ 27,397	$ 8,404		

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(1) Earnings per unit (EPU) amounts were not applicable for the Cali Group periods, as the Cali Group consisted of a series of partnerships.

(2) The Operating Partnership considers funds from operations (after adjustment for straight-lining of rents) one measure of REIT performance. Funds from operations is defined as net income (loss) before distribution to preferred unitholders computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring, other extraordinary and significant non-recurring items and sales of property, plus real estate-related depreciation and amortization. Funds from operations should not be considered as an alternative for net income as an indication of the Operating Partnership performance or to cash flows as a measure of liquidity. Funds from operations presented herein is not necessarily comparable to Funds from operations presented by other real

estate companies due to the fact that not all real estate companies use the same definition. However, the Operating Partnership's funds from operations is comparable to the funds from operations of real estate companies that use the current definition of the National Association of Real Estate Investment Trusts ("NAREIT"), after the adjustment for straight-lining of rents.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth estimated expenses (except for Commission fee) to be incurred in connection with the issuance and distribution of the securities being registered.

<TABLE>
<S> <C>

Commission Registration Fee	$ 590,000.00
Printing and Engraving Expenses	200,000.00
Legal Fees and Expenses (other than Blue Sky)	700,000.00
Accounting Fees and Expenses	450,000.00
Blue Sky Fees and Expenses (including fees of counsel)	20,000.00
Rating Agency Costs	125,000.00
Indenture Trustee Fees	50,000.00
Miscellaneous	40,000.00
Total	$ 2,175,000.00

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company's officers and directors are indemnified under Maryland law, the Articles of Incorporation and the Amended and Restated Agreement of Limited Partnership of the Operating Partnership (the "Partnership Agreement of the Operating Partnership"), against certain liabilities. The Articles of Incorporation require the Company to indemnify its directors and officers to the fullest extent permitted from time to time by the laws of the State of Maryland. The bylaws contain provisions which implement the indemnification provisions of the Articles of Incorporation.

The Maryland General Corporation Law ("MGCL") permits a corporation to indemnify its directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those capacities unless it is established that the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, or the director or officer actually received an improper personal benefit in money, property or services, or in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful, or the director or officer was adjudged to be liable to the corporation for the act or omission. No amendment of the Articles of Incorporation of the Company shall limit or eliminate the right to indemnification provided with respect to acts or omissions occurring prior to such amendment or repeal. Maryland law permits the Company to provide indemnification to an officer to the same extent as a director, although additional indemnification may be provided if such officer is not also a director.

The MGCL permits the articles of incorporation of a Maryland corporation to include a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, with specified exceptions. The MGCL does not, however, permit the liability of directors and officers to the corporation or its stockholders to be limited to the extent that (1) it is proved that the person actually received an improper benefit or profit in money, property or services (to the extent such benefit or profit was received) or (2) a judgment or other final adjudication adverse to such person is entered in a proceeding based on a finding that the person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. The Articles of Incorporation of the Company contain a provision consistent with the MGCL. No amendment of the

Articles of Incorporation shall limit or eliminate the limitation of liability with respect to acts or omissions occurring prior to such amendment or repeal.

The Partnership Agreement of the Operating Partnership also provides for indemnification of the Company and its officers and directors to the same extent indemnification is provided to officers and directors of the Company in its Articles of Incorporation, and limits the liability of the Company and its officers and directors to the Operating Partnership and its partners to the same

extent liability of officers and directors of the Company to its stockholders is limited under the Company's Articles of Incorporation.

In addition, the Delaware Revised Uniform Limited Partnership Act provides that a limited partnership has the power to indemnify and hold harmless any partner or other person from and against any and all claims and demands whatsoever, subject to such standards and restrictions, if any, as are set forth in its partnership agreement.

The Company has entered into indemnification agreements with each of its directors and officers. The indemnification agreements require, among other things, that the Company indemnify its directors and officers to the fullest extent permitted by law, and advance to the directors and officers all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. The Company also must indemnify and advance all expenses incurred by directors and officers seeking to enforce their rights under the indemnification agreements, and cover directors and officers under the Company's directors' and officers' liability insurance. Although the form of indemnification agreement offers substantially the same scope of coverage afforded by provisions of the Articles of Incorporation and the bylaws and the Partnership Agreement of the Operating Partnership, it provides greater assurance to directors and officers that indemnification will be available, because, as a contract, it cannot be modified unilaterally in the future by the Board of Directors or by the stockholders to eliminate the rights it provides.

ITEM 16. EXHIBITS.

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<C>	<S>
1.1	Form of Underwriting Agreement for equity securities (1)
4.1	Form of Indenture
4.2	Form of Articles Supplementary for the Preferred Stock (1)
4.3	Form of Preferred Stock Certificate (1)
4.4	Form of Deposit Agreement (1)
5.1	Opinion of Ballard Spahr Andrews & Ingersoll, LLP regarding the validity of certain of the securities being registered
5.2	Opinion of Pryor Cashman Sherman & Flynn LLP regarding the validity of certain of the securities being registered
8.1	Opinion of Pryor Cashman Sherman & Flynn LLP regarding tax matters
12.1	Computation of Ratios of Earnings to Fixed Charges
23.1	Consent of Ballard Spahr Andrews & Ingersoll, LLP (included as part of Exhibit 5.1)
23.2	Consent of Pryor Cashman Sherman & Flynn LLP (included as part of Exhibits 5.2 and 8.1)
23.3	Consent of Price Waterhouse LLP
23.4	Consent of Schonbraun Safris McCann Bekritsky & Co., L.L.C.
23.5	Consent of Ernst & Young LLP
25.1	Statement of Eligibility of Trustee on Form T-1 (1)

</TABLE>

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(1) To be filed by amendment or incorporated by reference in connection with the offering of the applicable Offered Securities.

ITEM 17. UNDERTAKINGS.

Each of the undersigned Registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrants hereby further undertake that, for the purposes of determining any liability under the Securities Act of 1933, each filing of the Registrants' annual reports pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrants hereby further undertake that:

(1) For the purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance under Rule 430A and contained in a form of prospectus filed by the Registrants pursuant to Rule 424(b)(1) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Mack-Cali Realty, L.P., an undersigned Registrant, hereby further undertakes to file an application for the purpose of determining the eligibility of the Trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrants pursuant to the foregoing provisions, or otherwise, the Registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York on this 17th day of June, 1998.

MACK-CALI REALTY CORPORATION

By: /s/ THOMAS A. RIZK
Thomas A. Rizk
CHIEF EXECUTIVE OFFICER

MACK-CALI REALTY, L.P.

By: Mack-Cali Realty Corporation as General Partner

By: /s/ THOMAS A. RIZK
Thomas A. Rizk
CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<C> /s/ THOMAS A. RIZK Thomas A. Rizk	<S> Chief Executive Officer and Director	<C> June 17, 1998
/s/ MITCHELL E. HERSH Mitchell E. Hersh	President, Chief Operating Officer and Director	June 17, 1998
/s/ BARRY LEFKOWITZ	Executive Vice President and Chief Financial	June 17, 1998

Barry Lefkowitz	Officer	
/s/ JOHN J. CALI John J. Cali	Chairman of the Board	June 17, 1998
/s/ WILLIAM L. MACK William L. Mack	Director	June 17, 1998

SIGNATURE	TITLE	DATE
/s/ BRENDAN T. BYRNE Brendan T. Byrne	Director	June 17, 1998
/s/ MARTIN D. GRUSS Martin D. Gruss	Director	June 17, 1998
/s/ JEFFREY B. LANE Jeffrey B. Lane	Director	June 17, 1998
/s/ EARLE I. MACK Earle I. Mack	Director	June 17, 1998
/s/ PAUL A. NUSSBAUM Paul A. Nussbaum	Director	June 17, 1998
/s/ ALAN G. PHILIBOSIAN Alan G. Philibosian	Director	June 17, 1998
/s/ IRVIN D. REID Irvin D. Reid	Director	June 17, 1998
/s/ VINCENT TESE Vincent Tese	Director	June 17, 1998
/s/ ROBERT F. WEINBERG Robert F. Weinberg	Director	June 17, 1998

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
4.1	Form of Indenture	
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4.3	Form of Preferred Stock Certificate(1)	
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5.2	Opinion of Pryor Cashman Sherman & Flynn LLP regarding the validity of certain of the securities being registered	
8.1	Opinion of Pryor Cashman Sherman & Flynn LLP regarding tax matters	
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23.2	Consent of Pryor Cashman Sherman & Flynn LLP (included as part of Exhibits 5.2 and 8.1)	
23.3	Consent of Price Waterhouse LLP	
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23.5	Consent of Ernst & Young LLP	
25.1	Statement of Eligibility of Trustee on Form T-1(1)	

</TABLE>

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(1) To be filed by amendment or incorporated by reference in connection with the offering of the applicable Offered Securities.

MACK-CALI REALTY, L.P.,

ISSUER

MACK-CALI REALTY CORPORATION,

GUARANTOR

TO

---,

TRUSTEE

INDENTURE

DATED AS OF _____, 1998

DEBT SECURITIES

REFERENCE SHEET (*)

Reference is made to the following provisions of the Trust Indenture Act of 1939, as amended, which establish certain duties and responsibilities of the Issuer and the Trustee which may not be set forth in this Indenture:

<TABLE>
<CAPTION>

SECTIONS	SUBJECT	SECTION	SUBJECT
<S>	<C>	<C>	<C>
310(b)	Disqualification of the Trustee for conflicting interest	315(b)	Notice of default from the Trustee to Securityholders
311	Preferential collection of claims of the Trustee as creditor of the Issuer	315(c)	Duties of the Trustee in case of default
312(a)	Periodic filing of information by the Issuer with Trustee	315(d)	Provisions relating to responsibility of the Trustee
312(b)	Access of Securityholders to information	315(e)	Assessment of costs against litigating Securityholders in certain circumstances
313(a)	Annual report of the Trustee to Securityholders	316(a)	Directions and waivers by Securityholders in certain circumstances
313(b)	Additional reports of the Trustee to Securityholders	316(b)	Prohibition of impairment of right of Securityholders to payment
314(a)	Reports by the Issuer, including annual compliance certificate	316(c)	Right of the Issuer to set record date for certain purposes
314(b)	Evidence of compliance with conditions precedent	317(a)	Special powers of the Trustee
315(a)	Duties of the Trustee prior to default	318(a)	Provisions of Trust Indenture Act of 1939 to

control in case of
conflict.
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(*) This reference sheet is not a part of the Indenture.

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<CAPTION>
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INDENTURE, dated as of_____ 1998, among Mack-Cali Realty, L.P., a limited partnership organized under the laws of Delaware (hereinafter called the "ISSUER"), having its principal office at 11 Commerce Drive, Cranford, New Jersey 07016, Mack-Cali Realty Corporation, a corporation organized under the laws of Maryland (hereinafter called the "GUARANTOR"), having its principal office at 11 Commerce Drive, Cranford, New Jersey 07016, and _____, as Trustee hereunder (hereinafter called the "TRUSTEE"), having a Corporate Trust Office at _____.

RECITALS

The Issuer deems it necessary to issue from time to time for lawful purposes its unsecured debt securities (hereinafter called the "SECURITIES") evidencing its unsecured indebtedness, and has duly authorized the execution and delivery of this Indenture, to provide for the issuance from time to time of the Securities, unlimited as to principal amount, to bear interest at the rates or formulas, to mature at such times and to have such other provisions as shall be fixed as hereinafter provided.

All things necessary to make this Indenture a valid agreement of the Issuer, in accordance with its terms, have been done.

For value received, the execution and delivery by the Guarantor of this Indenture to provide for the issuance of the Guarantee provided for herein has been duly authorized. All things necessary to make this Indenture a valid agreement of the Guarantor, in accordance with its terms, have been done.

This Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, that are deemed to be incorporated into this Indenture by such Act, and shall, to the extent applicable, be governed by such provisions.

All things necessary to make this Indenture a valid agreement of the Issuer, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof; it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the securities, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. DEFINITIONS. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the TIA, either directly or by reference therein, have the meanings assigned to them therein, and the terms "cash transaction" and "self-liquidating paper", as used in TIA Section 311, shall have the meanings assigned to them in the rules of the Commission adopted under the TIA;

(3) all account terms not otherwise defined herein have the meanings assigned to than in accordance with GAAP; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms used principally in Article Three, Article Five, Article Six and Article Ten, are defined in those Articles.

"ACT", when used with respect to any Holder, has the meaning specified in Section 104.

"ADDITIONAL AMOUNTS" means any additional amounts which are required by a Security or by or pursuant to a Board Resolution, under circumstances specified therein, to be paid by the Issuer in respect of certain taxes imposed on certain Holders and which are owing to such Holders.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AUTHENTICATING AGENT" means any authenticating agent appointed by the Trustee pursuant to Section 611.

"AUTHORITY NEWSPAPER" means a newspaper, printed in the English language or in an official language of the country of publication, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in each

place in connection with which the term is used or in the financial community of each such place. Whenever successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different Authorized Newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

"BEARER SECURITY" means any Security established pursuant to Section 201 which is payable to bearer.

"BOARD" means the board of directors of the General Partner, the executive committee or any committee of that board duly authorized to act hereunder.

"BOARD RESOLUTION" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the General Partner to have been duly adopted by the Board and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"BUSINESS DAY", when used with respect to any Place of Payment or any other particular location referred to in this Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 301, any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in that Place of Payment or particular location are authorized or required by law, regulation or executive order to close.

"CAPITALIZED LEASES" means any lease of property by the Issuer or any Subsidiary as lessee which is reflected on the Issuer's consolidated balance sheet as a capitalized lease, or which should be so reflected, in accordance with GAAP.

"COMMISSION" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

"CONVERSION EVENT" means the cessation of use of (i) a Foreign Currency either by the government of the country which issued such currency or for the settlement of transactions by a central bank or other public institution of or within the international banking community, (ii) the ECU either within the European Monetary System or for the settlement of transactions by public institutions of or within the European Community, or (iii) any currency unit (or composite currency) other than the ECU for the purposes for which it was established.

"CORPORATE TRUST OFFICE" means the office of the Trustee at which, at any particular time, its corporate trust business shall be principally administered, which office at the date hereof is located at _____; provided, that with respect to presentment, transfer, exchange, registration or payment of Securities, "CORPORATE TRUST OFFICE" means c/o the corporate trust office of _____.

"COUPON" means any interest coupon appertaining to a Bearer Security.

"DEBT" of the Issuer or any Subsidiary means, without duplication, any indebtedness of the Issuer or any Subsidiary, in respect of (i) borrowed money, (ii) evidenced by bonds, notes, debentures or similar instruments, (iii) indebtedness secured by any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by the Issuer or any Subsidiary, (iv) letters of credit or amounts representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable, or (iv) Capitalized Leases, and also includes, to the extent not otherwise included, any obligation by the Issuer or any Subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), indebtedness of another person (other than the Issuer or any Subsidiary).

"DEFAULTED INTEREST" has the meaning specified in Section 307.

"DOLLAR" or "$" means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts.

"DTC" means The Depository Trust Company, or any successor thereto.

"ECU" means the European Currency Unit as defined and revised from time to time by the Council of the European Community.

"EUROPEAN COMMUNITY" means the European Economic Community.

"EUROPEAN MONETARY SYSTEM" means the European Monetary System established by the Resolution of December 5, 1978 of the Council of the European Community.

"EVENT OF DEFAULT" has the meaning specified in Article Five.

"FOREIGN CURRENCY" means any currency, currency unit or composite currency, including, without limitation, the ECU, issued by the government of one or more countries, other than the United States of America, or by any recognized confederation or association of such governments.

"GAAP" means generally accepted accounting principles as used in the United States applied on a consistent basis.

"GENERAL PARTNER" means MACK-CALI REALTY CORPORATION, a Maryland corporation, as general partner of the Issuer.

"GOVERNMENT OBLIGATIONS" means securities which are (i) direct obligations of the United States of America or the government which issued the Foreign Currency in which the Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government which issued the Foreign

Currency in which the Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust issuer as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

"GUARANTEE" means the unconditional guarantee of the payment of the principal of or any premium or interest on or any Additional Amounts with respect to the Guaranteed Securities by the Guarantor, as more fully set forth in Article Sixteen.

"GUARANTEED SECURITIES" means a series of Securities made subject to a Guarantee (as set forth in Article Sixteen) pursuant to Section 301.

"GUARANTOR" means the Person named as the "Guarantor" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Guarantor" shall mean such successor Person.

"GUARANTOR'S BOARD OF DIRECTORS" means the board of directors of the Guarantor or any committee of that board duly authorized to act generally or in any particular respect for the Guarantor hereunder.

"GUARANTOR'S BOARD RESOLUTION" means a copy of one or more resolutions, certified by the Secretary or an Assistant Secretary of the Guarantor to have been duly adopted by the Guarantor's Board of Directors and to be in full force and effect on the date of such certification, delivered to the Trustee.

"GUARANTOR'S OFFICERS' CERTIFICATE" means a certificate signed by the Chairman, the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Guarantor, that complies with the requirements of Section 314(e) of the Trust Indenture Act and is delivered to the Trustee.

"GUARANTOR REQUEST" and "GUARANTOR ORDER" mean, respectively, a written request or order signed in the name of the Guarantor by the Chairman, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Guarantor, and delivered to the Trustee.

"HOLDER" means, in the case of a Registered Security, the Person in whose name a Security is registered in the Security Register and, in the case of a Bearer Security, the bearer thereof and, when used with respect to any coupon, shall mean the bearer thereof

"INDENTURE" means this instrument as originally executed or as it may from

time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, and shall include the terms of particular series of Securities established as contemplated by Section 301; PROVIDED, HOWEVER, that, if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean, with respect to any one or more series of Securities for which any such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended and shall include the terms of the Security or those particular series of Securities for which such Person is Trustee established as contemplated by Section 301, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee.

"INDEXED SECURITY" means a Security the terms of which provide that the principal amount thereof payable at Stated Maturity may be more or less than the principal face amount thereof at original issuance, as determined by reference to a particular index or other measure specified in a supplemental indenture relating to such Security.

"INTEREST", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, shall mean interest payable after Maturity, and, when used with respect to a Security which provides for the payment of Additional Amounts pursuant to Section 1010, includes such Additional Amounts.

"INTEREST PAYMENT DATE", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"ISSUER" means the Person named as the "Issuer" in the first paragraph of this Indenture until a successor shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Issuer" shall mean such successor.

"ISSUER REQUEST" and "ISSUER ORDER" mean, respectively, a written request or order signed in the name of the Issuer by the General Partner by its President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the General Partner, and delivered to the Trustee.

"MATURITY", when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, notice of redemption, notice of option to elect repayment or otherwise.

"OFFICERS' CERTIFICATE" means a certificate signed by the President or a Vice President of the General Partner and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the General Partner, and delivered to the Trustee.

"OPINION OF COUNSEL" means a written opinion of counsel, who may, if permitted by the TIA, be counsel for the Issuer or the Guarantor, as the case may be, or who may be an employee of or other counsel for the Issuer or the Guarantor, as the case may be.

"ORIGINAL ISSUE DISCOUNT SECURITY" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"OUTSTANDING", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except;

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption or repayment at the option of the Holder money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Issuer or the Guarantor) in trust for the Holders of such Securities and any coupons appertaining thereto, provided, that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities, except to the extent provided in Sections 1402 and 1403, with respect to which the Issuer or the Guarantor has effected defeasance as provided in Article Fourteen; and

(iv) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such

Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Issuer;

PROVIDED, HOWEVER, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of the Holders for quorum purposes, and for the purpose of making the calculations required by TIA Section 313, (i) the principal amount of an Original Issue Discount Security that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant to Section 502, (ii) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the Dollar equivalent, determined pursuant to Section 301 as of the date such Security is originally issued by the Issuer, of the principal amount (or, in the case of an Original Issue Discount Security, the Dollar equivalent as

of such date of original issuance of the amount determined as provided in clause (i) above) of such Security, (iii) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 301, and (iv) Securities owned by the Issuer, the Guarantor, or any other obligor upon the Securities or any Affiliate of the Issuer, the Guarantor, or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which shall have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee (A) the pledgee's right so to act with respect to such Securities and (B) that the pledgee is not the Issuer, the Guarantor or any other obligor upon the Securities or any coupons appertaining thereto or an Affiliate of the Issuer, the Guarantor or such other obligor.

"PAYING AGENT" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any securities or coupons on behalf of the Issuer.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock Issuer, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PLACE OF PAYMENT", when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest on such Securities are payable as specified as contemplated by Sections 301 and 1002.

"PREDECESSOR SECURITY" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security or a Security to which a mutilated, destroyed, lost or stolen coupon appertains shall be deemed to evidence the same debt as the mutilated, destroyed, last or stolen Security or the Security to which the mutilated, destroyed, lost or stolen coupon appertains.

"REDEMPTION DATE", when used with respect to any Security to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"REDEMPTION PRICE", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"REGISTERED SECURITY" shall mean any Security established pursuant to Section 201 which is registered in the Security Register.

"REGULAR RECORD DATE" for the interest payable on any Interest Payment Date on the Registered Securities of any series means the date specified for that purpose as contemplated by Section 301, whether or not a Business Day.

"REPAYMENT DATE" means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment by or pursuant to this Indenture.

"RESPONSIBLE OFFICER", when used with respect to the Trustee, means the chairman or vice- chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice president (whether or not designated by a number or a word or words added before or after the title "vice president"), the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer, the controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject.

"SECURITY" has the meaning stated in the first recital of this Indenture and, more particularly, means any Security or Securities authenticated and delivered under this Indenture; PROVIDED, HOWEVER, that, if at any time there is more than one Person acting as Trustee under this Indenture, "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered by such Trustee (or its predecessor as such) under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee.

"SECURITY REGISTER" and "SECURITY REGISTRAR" have the respective meanings specified in Section 305.

"SIGNIFICANT SUBSIDIARY" means any Subsidiary which is a "significant subsidiary" (as defined in Article I, Rule 1-02 of Regulation S-X, promulgated under the Securities Act of 1933, as amended) of the Issuer.

"SPECIAL RECORD DATE" for the payment of any Defaulted Interest on the Registered Securities of any series means a date fixed by the Trustee pursuant to Section 307.

"STATED MATURITY", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security or a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"SUBSIDIARY" means a corporation, partnership or limited liability company, a majority of the outstanding voting stock, partnership interests or membership interests, as the case may be, of which is owned or controlled, directly or indirectly, by the Issuer or by one or more other Subsidiaries of the Issuer. For the purposes of this definition, "voting stock" means stock having

voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"TRUST INDENTURE ACT" or "TIA" means the Trust Indenture Act of 1939, as amended and as in force at the date as of which this Indenture was executed, except as provided in Section 905.

"TRUSTEE" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; PROVIDED, HOWEVER, that if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

"UNITED STATES" means, unless otherwise specified with respect to any Securities pursuant to Section 301, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"UNITED STATES PERSON" means, unless otherwise specified with respect to any Securities pursuant to Section 301, an individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

"YIELD TO MATURITY" means the yield to maturity, computed at the time of issuance of a Security or, if applicable, at the most recent redetermination of interest on such Security) and as set forth in such Security in accordance with

generally accepted United States bond yield computation principles.

SECTION 102. COMPLIANCE CERTIFICATES AND OPINIONS". Upon any application or request by the Issuer or the Guarantor to the Trustee to take any action under any provision of this Indenture, the Issuer or the Guarantor, as the case may be, shall furnish to the Trustee an Officers' Certificate or a Guarantor's Officer's Certificate, as the case may be, stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be finished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (including certificates delivered pursuant to Section 1006) shall include:

(1) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. FORM OF DOCUMENTS DELIVERED TO TRUSTEE. In any case where several matters are required to be certified by or covered by an opinion of any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion as to some matters and one or more other such Persons as to other matters, and any such Person or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Issuer or the Guarantor may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, or a certificate or representations by counsel, unless such officer knows, or in the exercise of reasonable care should know, that the opinion, certificate or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such Opinion of Counsel or certificate or representations may be based, insofar as it relates to factual matters upon a certificate or opinion of, or representations by, an officer or officers of the Issuer or the Guarantor, as the case may be, stating that the information as to such factual matters is in the possession of the Issuer or the Guarantor, as the case may be, unless such counsel knows that the certificate or opinion or representations as to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. ACTS OF HOLDERS.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of the Outstanding Securities of all series or one or more series, as the case may be, may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing. If Securities of a series are issuable as Bearer Securities, any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Securities of such series may, alternatively, be

embodied in and evidenced by the record of Holders of Securities of such series voting in favor thereof either in person or by proxies duly appointed in writing, at any meeting of Holders of Securities of such series duly called and held in accordance with the provisions of Article Fifteen, or a combination of such instruments and any such record. Except as herein otherwise expressly

provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Issuer and the Guarantor. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "ACT" of the Holders signing such instrument or instruments or so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Issuer and the Guarantor and any agent of the Trustee or the Issuer and the Guarantor, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1506;

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may so be proved in any other reasonable manner which the Trustee deans sufficient;

(c) The ownership of Registered Securities shall be proved by the Security Register;

(d) The ownership of Bearer Securities may be proved by the production of such Bearer Securities or by a certificate executed, as depository, by any trust issuer, bank or other depository reasonably acceptable to the Issuer and the Guarantor, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee, the Guarantor and the Issuer may assume that such ownership of any Bearer Security continues until (1) another certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, or (2) such Bearer Security is produced to the Trustee by some other Person, or (3) such Bearer Security is surrendered in exchange for a Registered Security, or (4) such Bearer Security is no longer Outstanding. The ownership of Bearer Securities may also be proved in any other manner which the Trustee deems sufficient;

(e) If the Issuer or the Guarantor shall solicit from the Holders of Registered Securities any request, demand, authorization, direction, notice, consent, waiver or other Act, the Issuer or the Guarantor, as the case may be, may, at its option, in or pursuant to a Board Resolution in Guarantor's Board Resolution, as the case may be, fix in advance a record date for

the determination of the Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Issuer or the Guarantor shall have no obligation to do so. Notwithstanding TIA Section 316(c), such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of the Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than seven months after the record date;

(f) Any request, demand, authorization, direction, notice, consent. waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, any Security Registrar, any Paying Agent, any Authenticating Agent, the Guarantor or the Issuer in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. NOTICES, ETC., TO TRUSTEE, ISSUER AND GUARANTOR. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(1) the Trustee by any Holder, the Guarantor or the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, or

(2) the Issuer or the Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to the Issuer or the Guarantor, as the case may be, addressed to it at the address of its principal office specified in the first paragraph of this Indenture or at any other address previously furnished in writing to the Trustee by the Issuer or the Guarantor, as the case may be.

SECTION 106. NOTICE TO HOLDERS; WAIVER. Where this Indenture provides for notice of any event to the Holders of Registered Securities by the Issuer or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to each such Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to the Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so

mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice to the Holders of Bearer Securities given as provided herein. Any notice mailed to a Registered Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

Except as otherwise express provided herein or otherwise specified with respect to any Securities pursuant to Section 301, where this Indenture provides for notice to the Holders of Bearer Securities of any event, such notice shall be sufficiently given if published in an Authorized Newspaper in the City of New York and in such other city or cities as maybe specified in such Securities on a Business Day, such publication to be not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under the Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by the Holders shall be filed with the Trustee.

SECTION 107. EFFECT OF HEADINGS AND TABLE OF CONTENTS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 108. SUCCESSORS AND ASSIGNS. All covenants and agreements in this Indenture by the Issuer or the Guarantor shall bind its successors and assigns, whether so expressed or not.

SECTION 109. SEPARABILITY CLAUSE. In case any provision in this Indenture or in any Security or coupon shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 110. BENEFIT OF INDENTURE. Nothing in this Indenture or in the Securities or coupon, express or implied, shall give to any Person, other than the parties hereto, any Security Register, any Paying Agent, any Authenticating Agent and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 111. GOVERNING LAW. This Indenture and the Securities and coupons shall be governed by and construed in accordance with the laws of the State of New York. This Indenture is subject to the provisions of the TIA that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions, which are incorporated herein by reference.

SECTION 112. LEGAL HOLIDAYS. In any case where any Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or any Security or

coupon other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu hereof), payment of interest or any Additional Amounts or principal (and premium, if any) or sinking fund payment need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, Repayment Date or sinking fund payment date, or at the Stated Maturity or Maturity, provided that interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be, to the date of payment.

ARTICLE TWO

SECURITIES FORMS

SECTION 201. FORMS OF SECURITIES. The Registered Securities, if any, of each series and the Bearer Securities and related coupons, if any, of each series shall be in substantially the form as shall be established in an indenture supplemental hereto or approved from time to time by or pursuant to a Board Resolution in accordance with Section 301, shall have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or any indenture supplemental hereto, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements placed thereon as the Issuer may deem appropriate and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Securities may be listed, or to conform to usage.

Unless otherwise specified as contemplated by Section 301, Bearer Securities shall have interest coupons attached.

The definitive Securities (and coupons, if any) shall be printed, lithographed or engraved or produced by any combination of these methods on a steel engraved border or steel engraved borders or may be produced in any other manner, all as determined by the officers of the Issuer executing such Securities (or coupons), as evidenced by their execution of such Securities or coupons.

SECTION 202. FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION. Subject to Section 611, the Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

---,
as Trustee

By

Authorized Officer

SECTION 203. SECURITIES ISSUABLE IN GLOBAL FORM. If Securities of a series are issuable in global form, as specified in and as contemplated by Section 301, then, notwithstanding clause (8) of Section 301 and the provisions of Section 302, any such Security shall represent such of the Outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities of such series from time to time endorsed thereon and that the aggregate amount of Outstanding Securities of such series represented thereby may from time to time be increased or decreased to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee in such manner and upon instructions given by such Person or Persons as shall be specified therein or in the Issuer Order to be delivered to the Trustee pursuant to Section 303 or 304. Subject to the provisions of Section 303 and, if applicable, Section 304, the Trustee shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Issuer Order. If a Issuer Order pursuant to Section 303 or 304 has been, or simultaneously is, delivered, any instructions by the Issuer with respect to endorsement or delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 102 and need not be accompanied by an Opinion of Counsel.

The provisions of the last sentence of Section 303 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Issuer and the Issuer delivers to the Trustee the

Security in global form together with written instructions (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last sentence of Section 303.

Notwithstanding the provisions of Section 307, unless otherwise specified as contemplated by Section 301, payment of principal of and any premium and interest on any Security in permanent global form shall be made to the Person or Persons specified therein.

Notwithstanding the provisions of Section 308 and except as provided in the preceding paragraph, the Issuer, the Trustee and any agent of the Issuer and the Trustee shall treat as the Holder of such principal amount of Outstanding Securities represented by a permanent global Security (i) in the case of a permanent global Security in registered form, the Holder of such permanent global Security in registered form or (ii) in the case of a permanent global Security in bearer form, the Person or Persons specified therein.

ARTICLE THREE

THE SECURITIES

SECTION 301. AMOUNT UNLIMITED; ISSUABLE IN SERIES. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in one or more Board Resolutions or pursuant to authority granted by one or more Board Resolutions and, subject to Section 303, set forth, or determined in the manner provided, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following, as applicable:

(1) the title of the Securities of the series (which shall distinguish the Securities of such series from all other series of Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906, 1107 or 1305);

(3) the date or dates, or the method by which such date or dates will be determined, on which the principal of the Securities of the series shall be payable;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the Interest Payment Dates on which such interest will be payable and the Regular Record Date, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which such date shall be determined, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(5) the place or places, if any, other than or in addition to the City of _____, where (i) the principal of (and premium, if any), interest, if any, on, and Additional Amounts, if any, payable in respect of; Securities of the series shall be payable, (ii) any Registered Securities of the series may be surrendered for registration of transfer, exchange or conversion, and (iii) notices or demands to or upon the Issuer in respect of the Securities of the series and this Indenture may be served;

(6) the period or periods within which, or the date or dates on which, the price or prices at which, the currency or currencies, currency unit or units or composite currency or currencies in which, and other terms and conditions upon which Securities of

the series may be redeemed, in whole or in part, at the option of the Issuer, if the Issuer is to have the option;

(7) the obligation, if any, of the Issuer to redeem, repay or purchase Securities of the series, pursuant to any sinking fund or analogous provision or at the option of a Holder thereof upon the occurrence of specified circumstances or otherwise, and the period or

periods within which or the date or dates on which, the price or prices at which, the currency or currencies, currency unit or units or composite currency or currencies in which, and other terms and conditions upon which Securities of the series shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which any Registered Securities of the series shall be issuable and, if other than the denomination of $5,000, the denomination or denominations in which any Bearer Securities of the series shall be issuable;

(9) if other than the Trustee, the identity of each Security Registrar and/or Paying Agent for the series;

(10) the percentage of the principal amount at which Securities of such series will be issued and, if other than the principal amount thereof, the portion of the principal amount of Securities of the series that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or, if applicable, the portion of the principal amount of Securities of the series that is convertible in accordance with the provisions of this Indenture, or the method by which such portion shall be determined;

(11) if other than Dollars, the Foreign Currency or Currencies in which payment of the principal of (and premium, if any), interest, if any, on, and Additional Amounts, if any, on the Securities of the series shall be payable or in which the Securities of the series shall be denominated;

(12) whether the amount of payments of principal of (and premium, if any) or Interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on one or more currencies, currency units, composite currencies, commodities, equity indices or other indices), and the manner in which such amounts shall be determined;

(13) whether the principal of (and premium, if any) or interest, if any, on or Additional Amounts, if any, on the Securities of the series are to he payable, at the election of the Issuer or the Guarantor or a Holder thereof, in a currency or currencies, currency unit or units or composite currency or currencies other than that in which such Securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made, and the time and manner of, and identity of the exchange rate between the

currency or currencies, currency unit or units or composite currency or currencies in which such securities are denominated or stated to be payable and the currency or currencies, currency unit or units or composite currency or currencies in which such Securities are to be so payable;

(14) provisions, if any, granting special rights to the Holders of Securities of the series upon the occurrence of such events as may be specified;

(15) any deletions from, modifications of or additions to the Events of Default or covenants of the Issuer or the Guarantor set forth in this Indenture with respect to Securities of the series, (whether or not such Events of Default or covenants are consistent with the Events of default or covenants set forth herein),

(16) whether Securities of such series will be issued in certificated or book-entry form and, if certificated, whether Securities of the series are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether any Securities of the series are to be issuable initially in temporary global form and whether any Securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global Security may exchange such interests for Securities of such series and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 305, and, if Registered Securities of the series are to be issuable as a global Security, the identity of the depository for such series;

(17) the date as of which any Bearer Securities of the series and any temporary global Security representing outstanding Securities of the series shall be dated if other than the date of original issuance of the first Security of the series to be issued;

(18) the Person to whom any interest on any Registered Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 304;

(19) the applicability, if any, of Sections 1402 and/or 1403 to the Securities of the series and any provisions in modification of, in addition to or in lieu of any of the provisions of Article Fourteen;

(20) if the Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and/or terms of such certificates, documents or conditions;

(21) if the Securities of the series are to be issued upon the exercise of warrants, the time, manner and place for such Securities to be authenticated and delivered;

(22) whether and under what circumstances the Issuer will pay Additional Amounts as contemplated by Section 1010 on the Securities of the series to any Holder who is not a United States person (including any modification to the definition of such term) in respect of any tax, assessment or governmental charge and, if so, whether the Issuer will have the option to redeem such Securities rather than pay such Additional Amounts (and the terms of any such option);

(23) the terms and conditions, if any, upon which payment of the Securities of such series shall be subordinated to other Debt of the Issuer (including, without limitation, the Debt which ranks senior to such Securities, restrictions on payments to Holders of such Securities while a default with respect to such senior Debt is continuing; restrictions, if any, on payments to the Holders of such Securities following an Event of Default, and any requirements for Holders of such Securities to remit certain payments to the holders of such senior Debt);

(24) if the Securities of such series are to be Guaranteed Securities; and

(25) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series and the coupons appertaining to any Bearer Securities of such series shall be substantially identical except, in the case of Registered Securities, as to denominations and except as may otherwise be provided in or pursuant to the Board Resolution establishing the series (subject to Section 303) and set forth in an Officers' Certificate or in any indenture supplemental hereto. All Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders, for issuances of additional Securities of such series.

If any of the terms of the Securities of any series are established by action taken pursuant to one or more Board Resolutions, a copy of an appropriate record of such action(s) shall be certified by the Secretary or an Assistant Secretary of the Issuer and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the Securities of such series.

SECTION 302. DENOMINATIONS. The Securities of each series shall be issuable in such denominations as shall be specified as contemplated by Section 301. With respect to Securities

of any series denominated in Dollars, in the absence of any such provisions, the Registered Securities of such series, other than Registered Securities issued in global form (which may be of any denomination), shall be issuable in denominations of $1,000 and any integral multiple thereof and the Bearer Securities of such series, other than Bearer Securities issued in global form (which may be of any denomination), shall be issuable in denominations of $5,000 and any integral multiple $1,000. Securities not denominated in Dollars shall be issuable in such denominations as are established with respect to such Securities in or purusant to this Indenture.

SECTION 303. EXECUTION, AUTHENTICATION, DELIVERY AND DATING., The Securities and any coupons appertaining thereto shall be executed on behalf of the Issuer by its President or one of its Vice Presidents, under its seal reproduced thereon, and attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities and coupons may be manual or facsimile signatures of such authorized officer and may be imprinted or otherwise reproduced on the Securities.

Securities or coupons bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities or coupons.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securities of an series, together with any coupon appertaining thereto, executed by the Issuer to the Trustee for authentication, together with a Issuer Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Issuer Order shall authenticate and deliver such Securities; PROVIDED, HOWEVER, that, in connection with its original issuance, no Bearer Security shall be mailed or otherwise delivered to any location in the United States; and PROVIDED, FURTHER, that, unless otherwise specified with respect to any series of Securities pursuant to Section 301, a Bearer Security may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Security shall have furnished a certificate in the form set forth in EXHIBIT A to this Indenture or such other certificate as may be specified with respect to any series of Securities pursuant to Section 301, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Security is delivered and the date on which a temporary Security first becomes exchangeable for such Bearer Security in accordance with the terms of such temporary Security and this Indenture. If any Security shall be represented by a permanent global Bearer Security, then, for purposes of this Section and Section 304, the notation of a beneficial owner's interest therein upon original issuance of such Security or upon exchange of a portion of a temporary global Security shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent global Security. Except as permitted by Section 306, the Trustee shall not authenticate and deliver any bearer Security unless all appurtenant coupons for interest then matured have been detached and canceled if all the Securities of any series are not to be issued at one time and if the Board Resolution or supplemental indenture establishing such series shall so permit, such Issue Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining the terms of particular Securities of such series, such as interest rate or formula, maturity date, date of issuance and date from which interest shall accrue. In authenticating such

Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to TIA Sections 315(a) through 315(d)) shall be fully protected in relying upon,

(i) an Opinion of Counsel stating that:

(a) the form or forms of such Securities and any coupons have been established in conformity with the provisions of this Indenture;

(b) the terms of such Securities and any coupons have been established in conformity with the provisions of this Indenture; and

(c) such Securities, together with any coupons appertaining thereto, when completed by appropriate insertions and executed and delivered by the Issuer or the Guarantor to the Trustee for authentication in accordance with this Indenture, authenticated and delivered by the Trustee in accordance with this Indenture and issued by the Issuer or the Guarantor in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their terms, subject to applicable, bankruptcy, insolvency, reorganization and other similar of general applicability relating to or affecting the enforcement of creditors' rights generally and to general equitable principles; and will entitle the Holders thereof to the benefits of this Indenture, including the Guarantee; such Opinion of Counsel need express no opinion as to the availability of equitable remedies; and

(ii) an Officers' Certificate and a Guarantor's Officer's Certificate, in each case stating that all conditions precedent provided for in this Indenture relating to the issuance of the Securities have been complied with and that, to the best of the knowledge of the signers of such certificate, no Event of Default with respect to any of the Securities shall have occurred and be continuing.

If such form or terms have been so established, the Trustee shall not be

required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties, obligations or immunities under the Securities and this Indenture or otherwise in a manner which is not acceptable to the Trustee.

Each Registered Security shall be dated the date of its authentication and each Bearer Security shall be dated as of the date specified as contemplated by Section 301.

No Security or coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security or Security to which such coupon appertains certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

Notwithstanding the foregoing, if any Security still have been authenticated and delivered hereunder but never issued and sold by the Issuer, and the Issuer shall deliver such Security to the Trustee for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Issuer, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 304. TEMPORARY SECURITIES. Pending the preparation of definitive Securities of any series, the Issuer may execute, and upon Issuer Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, of the tenor of the definitive Securities in lieu of which they are issued, in registered form, or, if authorized, in bearer form with one or more coupons or without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities. In the case of Securities of any series, such temporary Securities may be in global form.

Except in the case of temporary Securities in global form (which shall be exchanged in accordance with the terms thereof or as otherwise provided in or pursuant to a Board Resolution), if temporary Securities of any series are issued, the Issuer will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Issuer in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any non-matured coupons appertaining thereto), the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations; PROVIDED, HOWEVER, that no definitive Bearer Security shall be delivered in exchange for a temporary Registered Security; and PROVIDED; FURTHER; that a definitive Bearer Security shall be delivered in exchange for a temporary Bearer Security only in compliance with the conditions set forth in Section 303. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

SECTION 305. REGISTRATION, REGISTRATION OF TRANSFER AND EXCHANGE. The Issuer shall cause to be kept at the Corporate Trust Office of the Trustee or in any office or agency of the Issuer or the Guarantor in a Place of Payment a register for each series of Registered Securities (the registers maintained in such office or in any such office or agency of the Issuer or the Guarantor in a Place of Payment being herein sometimes referred to collectively as the "SECURITY REGISTER") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Registered Securities and of transfers of Registered Securities. The Security Register shall be in written form or any other form capable of being convened into written form within a reasonable time. The Trustee, at its Corporate Trust Office, is hereby initially appointed the "SECURITY REGISTRAR" for the purpose of registering Registered Securities

and transfers of Registered Securities on such Security Register as herein provided. In the event that the Trustee shall cease to be Security Registrar, it shall have the right to examine the Security Register at all reasonable

times.

Subject to the provisions of this Section 305, upon surrender for registration of transfer of any Registered Security of any series at any office or agency of the Issuer in a Place of Payment for that series, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, once or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount, bearing a number not contemporaneously outstanding, and containing identical terms and provisions.

Subject to the provisions of this Section 305, at the option of the Holder, Registered Securities of any series may be exchanged for other Registered Securities of the same series, of any authorized denomination or denominations and of a like aggregate principal amount, containing identical terms and provisions, upon surrender of the Registered Securities to be exchanged at any such office or agency. Whenever any such Registered Securities are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Register Securities which the Holder making the exchange is entitled to receive. Unless otherwise specified with respect to any series of Securities as contemplated by Section 301, Bearer Securities may not be issued in exchange for Registered Securities.

If (but only if) permitted by the applicable Board Resolution or Guarantor's Board Resolution and (subject to Section 303) set forth in the applicable Officers' Certificate, or in any indenture supplemental hereto, delivered as contemplated by Section 301, at the option of the Holder, Bearer Securities of any Series may be exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured coupons and all matured coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons, in default any such permitted exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Issuer or the Guarantor (if such Bearer Securities are Guaranteed Securities) in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Issuer, the Guarantor (if such Bearer Securities are Guaranteed Securities) and the Trustee if there is furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; PROVIDED, HOWEVER, that, except as otherwise provided in Section 1002, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such office or agency in a permitted exchange for a Registered Security of the same series and like tenor after the close of business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such

office or agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date for payment, as the case may be, and interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture. Whenever any Securities are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing, except as otherwise specified as contemplated in Section 301, any permanent global Security shall be exchangeable only as provided in this paragraph. If the depository for any permanent global Security is DTC, then, unless the terms of such global Security expressly permit such global Security to be exchanged in whole or in part for definitive Securities, a global Security may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or to a successor to DTC for such, global Security selected or approved by the Issuer or to a nominee of such successor to DTC. If at any time DTC notifies the Issuer that it is unwilling or unable to continue as depository for the applicable global Security or Securities or if at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934 if so required by applicable law or regulation, the Issuer shall appoint a successor depository with respect to such global Security or Securities. If (x) a successor depository for such global Security or Securities is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such unwillingness, inability or

ineligibility, (y) an Event of Default has occurred and is continuing and the beneficial owners representing a majority in principal amount of the applicable series of Securities represented by such global Security or Securities advise DTC to cease acting as depository for such global Security or Securities, or (z) the Issuer, in its sole discretion, determines at any time that all (but not less than all) Outstanding Securities of any series issued or issuable in the form of one or more global Securities shall no longer be represented by such global Security or Securities, then the Issuer shall execute, and the Trustee shall authenticate and deliver, definitive Securities of like series, rank, tenor and terms in a definitive form in an aggregate principal amount equal to the principal amount of such global Security or Securities. If any beneficial owner of an interest in a permanent global Security otherwise entitled to exchange such interest for Securities of such series and of like tenor and principal amount of another authorized form and denomination, as specified as contemplated by Section 301 and provided that any applicable notice provided in the permanent global Security shall have been given, then without unnecessary delay but in any event no later than the earliest date on which such interest may be so exchanged, the Issuer shall execute, and the Trustee shall authenticate and deliver, definitive Securities in aggregate principal amount equal to the principal amount of such beneficial owner's interest in such permanent global Security. On or after the earliest date on which such interests may be so exchanged, such permanent global Security shall be surrendered for exchange by DTC or such other depository as shall be specified in tile Issuer Order with respect thereto to the Trustee; PROVIDED, HOWEVER, that no such exchanges may occur during a period beginning at the opening of business 15 days before any selection of Securities to be redeemed and ending on the relevant Redemption Date if the Security for which exchange is requested may be among those selected

for redemption; and PROVIDED, FURTHER, that no Bearer Security delivered in exchange for a portion of a permanent global Security shall be mailed or otherwise delivered to any location in the United States. If a Registered Security is issued in exchange for an portion of a permanent global Security after the close of business at the office or agency where such exchange occurs on (i) a Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) a Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date or payment, as the case may be, in respect of such Registered Security, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to the Person to whom interest in respect of such portion of such permanent global Security is payable in accordance with the provisions of this Indenture.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Issuer and the Guarantor, respectively, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange, conversion or redemption shall (if so required by the Issuer or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Register, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906, 1107 or 1305 not involving any transfer.

The Issuer or the Trustee, as applicable, shall not be required (i) to issue, register the transfer of or exchange any Security if such Security may be among those selected for redemption during a period beginning at the opening of business 15 days before selection of the Securities to be redeemed under Section 1103 and ending at the close of business on (A) if such Securities are issuable only as Registered Securities, the day of the mailing of the relevant notice of redemption and (B) if such Securities are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption or, if such Securities are also issuable as Registered Securities and there is no publication, the mailing of the relevant notice of redemption, or (ii) to register the transfer of or exchange any Registered Security so selected for redemption in whole or in part, except, in the case of a Registered Security to be redeemed in part, the portion thereof not selected for redemption may be exchanged for a Registered Security of that series and of like tenor, provided that such Registered Security shall be simultaneously surrendered for redemption, or (iii) to issue, register the transfer of or exchange any Security which has been surrendered for repayment at the option of the Holder, except that portion, if any, of such Security which is not to be so repaid.

SECTION 306. MUTILATED, DESTROYED, LOST AND STOLEN SECURITIES. If any mutilated Security or a Security with a mutilated coupon appertaining to it is surrendered to the Trustee or the Issuer, together with, in proper cases, such security or indemnity as may be required by the Issuer or the Trustee to save each of them or any agent of either of them harmless, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to the surrendered Security.

If there shall be delivered to the Issuer, the Guarantor (if the Security is a Guaranteed Security) and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or coupon, and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of written notice to the Issuer, the Guarantor (if the Security is a Guaranteed Security) or the Trustee that such Security or coupon has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security or in exchange for the Security to which a destroyed, lost or stolen coupon appertains (with all appurtenant coupons not destroyed, lost or stolen), a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding with coupons corresponding to the coupons, if any, appertaining to such destroyed, lost or stolen Security or to the Security to which such destroyed, lost or stolen coupon appertains.

Notwithstanding the provisions of the previous two paragraphs, in case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Security, with coupons corresponding to the coupons, if any, appertaining to such destroyed, lost or stolen Security or to the security to which such destroyed, lost or stolen coupon appertains, pay such Security or coupon; PROVIDED, HOWEVER, that payment of principal of (and premium, if any), any interest on and any Additional Amounts with respect to, Bearer Securities shall, except as otherwise provided in Section 1002, be payable only at an office or agency located outside the United States and, unless otherwise specified as contemplated by Section 301, any interest on Bearer Securities shall be payable only upon presentation and surrender of the coupons appertaining thereto.

Every new Security of any series with its coupons, if any, issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security, or in exchange for a Security to which a mutilated, destroyed, lost or stolen coupon may pertain, shall constitute an original additional contractual obligation of the Issuer and the Guarantor (if the Security is a Guaranteed Security), whether or not the mutilated, destroyed, lost or stolen Security and its coupons, if and, or the mutilated, destroyed, lost or stolen coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series and their coupons, if any, duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to The replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons.

SECTION 307. PAYMENT OF INTEREST; INTEREST RIGHT PRESERVED. Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 301, interest on any Registered Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Issuer maintained for such purpose pursuant to Section 1002; PROVIDED, HOWEVER, that each installment of interest on any Registered Security may at the Holders option be paid by (i) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 303, to the address of such Person as it appears on the Security Register or (ii) transfer to an account maintained by the payee located inside the United States.

Unless otherwise provided as contemplated by Section 301 with respect to the Securities of any series, payment of interest may be made, in the case of a Bearer Security, by transfer to an account maintained by the payee with a bank located outside the United States.

Unless otherwise provided as contemplated by Section 301, every permanent global Security will provide that interest, if any, payable on any Interest Payment Date will be paid to DTC, with respect to that portion of such permanent global Security held for its account by Cede & Co, for the purpose of permitting such party to credit the interest received by it in respect of such permanent

global Security to the accounts of the beneficial owners thereof.

In case a Bearer Security of any series is surrendered in exchange for a Registered Security of such series after the close of business (at an office or agency in a Place of Payment for such series) on any Regular Record Date and before the opening of business (at such office or agency) on the next succeeding Interest Payment Date, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date and interest will not be payable on such Interest Payment Date in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 301, any interest on any Registered Security of any series that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "DEFAULTED INTEREST") shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest shall be paid by the Issuer or the Guarantor (if the Registered Security is a Guaranteed Security), as provided in clause (1) or (2) below:

(1) The Issuer or the Guarantor (if the Registered Security is a Guaranteed Security) may elect to make payment of any Defaulted Interest to the Persons in whose

names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer or the Guarantor (if the Registered Security is a Guaranteed Security) shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment (which shall not be less than 20 days after such notice is received by the Trustee), and at the same time the Issuer or the Guarantor (if the Registered Security is a Guaranteed Security), as the case may be, shall deposit with the Trustee an amount of money in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series) equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer or the Guarantor, as the case may be, of such Special Record Date and, in the name and at the expense of the Issuer or the Guarantor, as the case may be, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at his address as it appears in the Security Register not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of the Issuer or the Guarantor, as the case may be, cause a similar notice to be published at least once in an Authorized Newspaper in each Place of Payment, but such publications shall not be a condition precedent to the establishment of such Special Record Date Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series (or their respective predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2). In case a Bearer Security of any series is surrendered for transfer or exchange at the office or agency in a Place of Payment for such series after the close of business at such office or agency on any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Proposed date of payment and Defaulted Interest will not be payable on such proposed date of payment in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

(2) The Issuer or the Guarantor (if the Security is a Guaranteed Security) may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on

which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer or the Guarantor, as the case may be, to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. PERSONS DEEMED OWNERS. Prior to due presentment of a Registered Security for registration of transfer, the Issuer, the Guarantor (if the Registered Security is a Guaranteed Security), the Trustee and any agent of the Issuer, the Guarantor (if the Registered Security is Guaranteed Security) or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any), and (subject to Sections 305 and 307) interest on, such Registered Security and for all other purposes whatsoever, whether or not such Registered Security is overdue, and neither the Issuer nor the Guarantor, the Trustee nor any agent, the Guarantor (if the Bearer Security is a Guaranteed Security), of the Issuer, the Guarantor or the Trustee shall be affected by notice to the contrary.

Title to any Bearer Security and any coupons appertaining thereto shall pass by delivery. The Issuer the Guarantor (if the Bearer Security is a Guaranteed Security), the Trustee and any agent of the Issuer, or the Trustee may treat the Holder of any Bearer Security and the Holder of any coupon as the absolute owner of such Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Security or coupon is overdue, and neither the Issuer the Guarantor, the Trustee nor any agent of the Issuer the Guarantor or, the Trustee shall be affected by notice to the contrary.

None of the Issuer, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Notwithstanding the foregoing, with respect to any global Security, nothing herein shall prevent the Issuer, the Guarantor (if the Bearer Security is a Guaranteed Security), the Trustee, or any agent of the Issuer, the Guarantor (if the Bearer Security is a Guaranteed Security), or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any depository, as a Holder, with respect to such global Security or impair, as between such depository and owners of beneficial interests in such global Security, the operation of customary practices governing the exercise of the rights of such depository (or its nominee) as Holder of such global Security.

SECTION 309. CANCELLATION. All Securities and coupons surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange for credit

against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee, and any such Securities and coupons and Securities and coupons surrendered directly to the Trustee for any such purpose shall be promptly canceled by it. The Issuer or the Guarantor (if the Security is a Guaranteed Security) may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Issuer or the Guarantor (if the Security is a Guaranteed Security) may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Issuer has not issued and sold,, and all Securities so delivered shall be promptly canceled by the Trustee. If the Issuer shall so acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. Canceled Securities and coupons held by the Trustee shall be destroyed by the Trustee and the Trustee shall deliver a certificate of such destruction to the Issuer and the Guarantor, unless by a Issuer Order or Guarantor Order the Issuer or the Guarantor, as the case may be, directs their return to it.

SECTION 310. COMPUTATION OF INTEREST. Except as otherwise specified as contemplated by Section 301 with respect to Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day

year consisting of twelve 30-day months.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. SATISFACTION AND DISCHARGE OF INDENTURE. This Indenture shall upon an Issuer Request or a Guarantor Request (if the applicable series of Securities is a series of Guaranteed Securities) cease to be of further effect with respect to any series of Securities specified in such Issuer Request or Guarantors Request (except as to any surviving rights of registration of transfer or exchange of Securities of such series herein expressly provided for and any right to receive Additional Amounts, as provided in Section 1010), and the Trustee, upon receipt of a Issuer Order or Guarantor Order, and at the expense of the Issuer and the Guarantor, shall execute proper instruments acknowledging satisfaction and discharge of its Indenture as to such series when

(1) either:

(A) all Securities of such series theretofore authenticated and delivered and all coupons, if any, appertaining thereto (other than (i) coupons appertaining to Bearer Securities surrendered for exchange for Registered Securities and maturing after such exchange, whose surrender is not required or has been waived as provided in Section 305, (ii) Securities and coupons of such series which have been destroyed, lost or stolen and

which have been replaced or paid as provided in Section 306, (iii) coupons appertaining to Securities called for redemption and maturing after the relevant Redemption Date, whose surrender has been waived as provided in Section 1106, and (iv) Securities and coupons of such series for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all Securities of such series and, in the case of (i) or (ii) below, any coupons pertaining thereto, not theretofore delivered to the Trustee for cancellation.

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of the Issuer, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer and the Guarantor (if the Securities of such series are Guaranteed Securities),

and the Issuer or the Guarantor (if the Securirties of such series are Guaranteed Securities), in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as funds in trust for such purpose an amount in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities of such series are payable, sufficient to pay and discharge the entire indebtedness on such Securities and such coupons not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, and any Additional Amounts with respect thereto, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be; and

(2) the Issuer or the Guarantor (if the Securities of such series are Guaranteed Securities) has paid or caused to be paid all other sums payable hereunder by the Issuer and the Guarantor; and

(3) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel and the Guarantor has delivered to the Trustee a Guarantor's Officers' Certificate (if the Securities of such series are Guaranteed Securities), each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

The obligations of the Issuer to the Trustee and any predecessor

Trustee under Section 606, the obligations of the Issuer to any Authenticating Agent under Section 611 and, if money shall have been deposited with and held by the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive the satisfaction and discharge of this Indenture.

SECTION 402. APPLICATION OF TRUST FUNDS. Subject to the provisions of the last paragraph of Section 1003, all monies deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities, the coupons and this Indenture, to the payment, either directly or through any Paying Agent but not in any event including the Issuer acting as its own Paying Agent, as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any), and any interest and Additional Amounts for whose payment such money has been deposited with or received by the Trustee. Such money shall he segregated from other funds of the Trustee.

ARTICLE FIVE

REMEDIES

SECTION 501. EVENT DEFAULT. "Event of Default," wherever used herein with respect to any particular series of Securities, means any one of the following events (whatever the reason for such Event of Default and whether or not it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon or any Additional Amounts payable in respect of any Security of that series or of any coupon appertaining thereto, when such interest, Additional Amounts or coupon becomes due and payable, and continuance of such default for a period of 30-days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series when it becomes due and payable at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of any Security of that series; or

(4) default in the performance of, or breach of, any covenant or warranty of the Issuer or the Guarantor (if the Securities of such series are Guaranteed Securities) in

this Indenture with respect to any Security of that series (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section 501 specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer and the Guarantor (if the Securities of such series are Guaranteed Securities) by the Trustee or to the Issuer, the Guarantor (if the Securities of such series are Guaranteed Securities) and the Trustee by the Holders of at least a majority in principal amount of the Outstanding Securities of that series a written notice specified such default or breach and requiring it to be remedied and stating that such notice is a "NOTICE OF DEFAULT" hereunder; or

(5) a default under any bond, debenture, note or other evidence of indebtedness of the Issuer, or the Guarantor (if the Securities of such series are Guaranteed Securities) or under any mortgage, indenture or other instrument of the Issuer or the Guarantor (if the Securities of such series are Guaranteed Securities) (including a default with respect to Securities of any series other than that series) under which there may be issued or by which there may be secured any indebtedness of the Issuer or the Guarantor (if the Securities of such series are Guaranteed Securities) (or by any Subsidiary, the repayment of which the Issuer has Guaranteed or for which the Issuer is directly responsible or liable as obligor or guarantor), whether such indebtedness now exists or shall hereafter be created, which default shall constitute a failure to pay an aggregate principal amount exceeding $10,000,000 of such indebtedness when due and payable which shall continue after the expiration of any applicable grace period with respect thereto or shall have resulted in such indebtedness in an aggregate principal amount exceeding $10,000,000 becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such

acceleration having been rescinded or annulled, within a period of 10 days after there shall have been given, by registered or certified mail, to the Issuer or the Guarantor, as the case may be, by the Trustee or to the Issuer or the Guarantor, as the case may be, and the Trustee by the Holders of at least a majority in principal amount of the Outstanding Securities of that series a written notice specifying such default and requiring the Issuer or the Guarantor, as the case may be, to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "NOTICE OF DEFAULT" hereunder; or

(6) the Issuer, the Guarantor (if the Securities of such series are Guaranteed Securities) or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors; or

(7) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer, the Guarantor (if the Securities of such series are Guaranteed Securities) or any Significant Subsidiary in an involuntary case, appoints a Custodian of the Issuer, or the Guarantor (if the Securities of such series are Guaranteed Securities) or any Significant Subsidiary or for all or substantially all of either of its property, or

(B) orders the liquidation of the Issuer, the Guarantor (if the Securities of such series are Guaranteed Securities) or any Significant Subsidiary and the order or decree remains unstayed and in effect for 90 days; or

(8) any other Event of Default provided with respect to Securities of that series.

As used in this Section 501, the term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors and the term "CUSTODIAN" means any receiver, trustee, assignee, liquidator or other similar official under any Bankruptcy Law.

SECTION 502. ACCELERATION OF MATURITY; RESCISSION AND ANNULMENT. If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than a majority in principal amount of the Outstanding Securities of that series may declare the principal (or, if any Securities are Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be specified in the terms thereof) of all the Securities of that series to be due and payable immediately, by a notice in writing to the Issuer and the Guarantor (if the Securities are Guaranteed Securities) (and to the Trustee if given by the Holders), and upon any such declaration such principal or specified portion thereof shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of not less than a majority in principal amount of the Outstanding Securities of that series, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Issuer or the Guarantor (if the Securities are Guaranteed Securities) has paid or deposited with the Trustee a sum sufficient to pay in the currency, currency unit or composite currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series):

(A) all overdue installments of interest and any Additional Amounts payable in respect of all Outstanding Securities of that series and any related coupons,

(B) the principal of (and premium, if any, on) any Outstanding Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates

borne by or provided for in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest and any Additional Amounts at the rate or rates borne by or provided for in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to Securities of that series, other than the nonpayment of the principal of (or premium, if any) or interest on Securities of that series which have become due solely by such declaration of acceleration have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. COLLECTION OF INDEBTEDNESS AND SUITS FOR ENFORCEMENT BY TRUSTEE. The Issuer and the Guarantor (if the Securities are Guaranteed Securities) covenants, in each case, that if:

(1) default is made in the payment of any installment of interest or Additional Amounts, if any, on any Securities of any series and any related coupon when such interest or Additional Amount becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security of any series at its Maturity,

then the Issuer or the Guarantor (if the Securities are Guaranteed Securities) will, as the case may be, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of such Securities of such series and coupons, the whole amount then due and payable on such Securities and coupons for principal (and premium, if any) and interest and Additional Amounts thereon, with interest upon any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installments of interest or Additional Amounts thereon, if any, at the rate or rates borne by or provided for in such Securities, and, in addition thereto, such further amount shall be sufficient to cover the costs and expenses of

collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

If the Issuer or the Guarantor (if the Securities are Guaranteed Securities) fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Issuer, the Guarantor (if the Securities are Guaranteed Securities) or any other obligor upon such Securities of such series and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer or the Guarantor (if the Securities are Guaranteed Securities) or any other obligor upon such Securities of such series, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series and any related coupons by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. TRUSTEE MAY FILE PROOF OF CLAIM. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer, the Guarantor (if the Securities are Guaranteed Securities) or any other obligor upon the Securities or the property of the Issuer, the Guarantor (if the Securities are Guaranteed Securities) or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer or the Guarantor (if the Securities are Guaranteed Securities) for the payment of overdue principal of, premium, if any, or interest on the Securities) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount, or such lesser amount as may be provided for in the Securities of such series, of

principal (and premium, if any) and interest and Additional Amounts, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidation, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder of Securities of such series and coupons to make such payments to the Trustee, and in the event that such payments are made

directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee and any predecessor Trustee, their agents and counsel, and any other amounts due the Trustee or any predecessor Trustee under Section 606.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder or Security or coupon any plan of reorganization, arrangement, adjustment or composition affecting the Securities or coupons or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of a Security or coupon in any such proceeding.

SECTION 505. TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF SECURITIES OR COUPONS. All rights of action and claims under this Indenture or any of the Securities or coupons may be prosecuted and enforced by the Trustee without the possession of any of the Securities or coupons or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of Securities and coupons in respect of which such judgment has been recovered.

SECTION 506. APPLICATION OF MONEY COLLECTED. Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date and dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) and interest and any Additional Amounts, upon presentation of the Securities or coupons, or both, as the case may be, and the notation thereon of the payment if only partially paid and upon surrender thereof if finally paid:

FIRST: To the payment of all amounts due to the Trustee and any predecessor Trustee under Section 606;

SECOND: To the payment of the amounts then due and unpaid upon the Securities and coupons for principal (and premium, if any) and interest and any Additional Amounts payable, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Securities and coupons for principal (and premium, if any), interest and Additional Amounts, respectively; and

THIRD: To the payment of the remainder, if any, to the Issuer.

SECTION 507. LIMITATION ON SUITS"SECTION507.LimitationonSuits""3". No Holder of any Security of any series or any related coupon shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than a majority in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

SECTION 508. UNCONDITIONAL RIGHT OF HOLDERS TO RECEIVE PRINCIPAL, PREMIUM, IF ANY, INTEREST AND ADDITIONAL AMOUNTS. Notwithstanding any other provision in this Indenture, the Holder of any Security or coupon shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and (subject to Sections 305 and 307) interest on, and any Additional Amounts in respect of, such Security or payment of such coupon on the respective due dates expressed in such Security or coupon (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. RESTORATION OF RIGHTS AND REMEDIES. If the Trustee or any Holder of a Security or coupon has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Issuer, the Guarantor (if the Security is a Guaranteed Security), the Trustee and the Holders of Securities and coupons shall, subject to any determination in such proceeding, be restored severally and respectively to their former position hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. RIGHTS AND REMEDIES CUMULATIVE. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities or coupons is intended to be exclusive of

any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion nor employment of any other appropriate right or remedy.

SECTION 511. DELAY OR OMISSION NOT WAIVER. No delay or omission of the Trustee or of any Holder of any Security or coupon to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities or coupons, as the case may be.

SECTION 512. CONTROL BY HOLDERS OF SECURITIES. The Holders of not less than a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Securities of such series, provided that:

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee need not take any action which might expose it to personal liability, without the receipt of reasonable indemnity from Holders requesting such action, or be unduly prejudicial to the Holders of Securities of such series not joining therein.

SECTION 513. WAIVER OF PAST DEFAULTS. The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series and any related coupons waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of (or premium, if any) or interest on or Additional Amounts payable in respect of any Security of such series or any related coupons, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been waived, for every purpose of this Indenture; but no such

waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 514. WAIVER OF USURY, STAY OR EXTENSION LAWS. The Issuer and the Guarantor, in each case, covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at anytime hereafter in force which may affect the covenants or the performance of this Indenture, and the Issuer and the Guarantor each (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 515. UNDERTAKING FOR COSTS. All parties to this Indenture acknowledge, and each Holder of any Security by his acceptance thereof shall be deemed to have acknowledged, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than a majority in principal amount of the Outstanding Securities, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium if any) or interest on any Security on or after the respective Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

ARTICLE SIX

THE TRUSTEE

SECTION 601. NOTICE OF DEFAULTS. Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit in the manner and to the extent provided in TIA Section 313(c), notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; PROVIDED, HOWEVER, that, except in the case of a default in the payment of the principal of (or premium if any) or interest on or any Additional Amounts or sinking fund installment with respect to the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of the Securities and coupons of such series; and PROVIDED, FURTHER, that in the case of any default or breach of the character specified in Section 501(4) with respect to the Securities and coupons of such series, no such notice to Holders shall be given until at least 60 days after the occurrence thereon. For the purpose of this Section, the term "default" means any event

which is, or after notice or lapse of time or both would become, an Event of Default with respect to the Securities of such series.

SECTION 602. CERTAIN RIGHTS OF TRUSTEE. Subject to the provisions of TIA Sections 315(a) through 315(d):

(1) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parities;

(2) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by a Issuer Request or Issuer Order or of the Guarantor mentioned herein shall be sufficiently evidenced by a Guarantor Request or Guarantor Order (in each case, other than delivery of any Security, together with any coupons appertaining thereto, to the Trustee for authentication and delivery pursuant to Section 303 which shall be sufficiently evidenced as provided therein) and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution or by the Guarantor's Board of Directors may be sufficiently evidenced by a Guarantor's Board Resolution or, if such matter pertains to the Guarantor, a Guarantor's Officer's Certificate;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting to take any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon,

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of any series or any related coupons pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction,

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer and the Guarantor, personally or by agent or attorney,

(7) the Trustee may execute any of the trusts of powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(8) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

The Trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

SECTION 603. NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF SECURITIES. The recitals contained herein and in the Securities, except the Trustee's certificate of authorization, and in any coupons shall be taken as the statements of the Issuer or the Guarantor (if the Securities are Guaranteed Securities), as the case may be, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities or coupons, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligation hereunder. Neither the Trustee nor the Authenticating Agent shall be accountable for the use or application by the Issuer of Securities or the proceeds thereof.

SECTION 604. MAY HOLD SECURITIES. The Trustee, any Paying Agent, Security Registrar, Authenticating Agent or any other agent of the Issuer or the Guarantor, in its individual or any other capacity, may become the owner or pledgee of Securities and coupons and, subject to TIA Sections 310 (b) and 311, may otherwise deal with the Issuer or the Guarantor with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar, Authenticating Agent or such other agent.

SECTION 605. MONEY HELD IN TRUST. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder, except as otherwise agreed with the Issuer.

SECTION 606. COMPENSATION AND REIMBURSEMENTT. The Issuer and the Guarantor jointly and severally agree;

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse each of the Trustee and any predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to Trustee's negligence or bad faith; and

(3) to indemnify each of the Trustee and any predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its own part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 505(5) or Section 501(6), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

As security for the performance of the obligations of the Issuer and the Guarantor under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (or premium, if any) or interest on particular Securities or coupons.

The provisions of this Section shall survive the termination of this Indenture.

SECTION 607. CORPORATE TRUSTEE REQUIRED; ELIGIBILITY; CONFLICTING INTERESTS. There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under TIA Section 310(a)(1) and shall have a combined capital and surplus of at least $50,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or the requirements of a Federal, state, Territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 608. RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 609.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Issuer and the Guarantor (if the Securities are Guaranteed Securities). If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Trustee and to the Issuer and the Guarantor (if the Securities are Guaranteed Securities).

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of TIA Section 310(b) after written request therefor by the Issuer, the Guarantor (if the Securities are Guaranteed Securities) or by any Holder of a Security who has been a bona fide Holder of a Security for at least six

months, or

(2) the Trustee shall cease to be eligible under Section 607(a) and shall fail to resign after written request therefor by the Issuer, the Guarantor (if the Securities are Guaranteed Securities) or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Issuer by or pursuant to a Board Resolution or the Guarantor (if the Securities are Guaranteed Securities), by or pursuant to a Guarantor's Board Resolution, may remove the Trustee and appoint a successor Trustee with respect to all Securities, or (ii) subject to TIA Section 315(e), any Holder of a Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) if the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any reason with respect to the Securities of one or more

series, the Issuer, by or pursuant to a Board Resolution, and the Guarantor (if the Securities are Guaranteed Securities), by or pursuant to a Guarantor's Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series). If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Issuer, the Guarantor (if the Securities are Guaranteed Securities) and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Issuer and the Guarantor (if the Securities are Guaranteed Securities). If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Issuer and the Guarantor (if the Securities are Guaranteed Securities) or the Holders of Securities and accepted appointment in the manner hereinafter provided, any Holder of a Security who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to Securities of such series.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series in the manner provided for notices to the Holders of Securities in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 609. ACCEPTANCE OF APPOINTMENT BY SUCCESSOR.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee shall execute, acknowledge and deliver to the Issuer, the Guarantor and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, upon request of the Issuer, the Guarantor or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its claim, if any, provided for in Section 606.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Issuer, the Guarantor (if any of such series of Securities is a series of Guaranteed Securities) the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto, pursuant to Article Nine hereof, wherein each successor

Trustee shall

accept such appointment and which (i) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (iii) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust, and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the right, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Issuer, the Guarantor, if applicable, or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Issuer and the Guarantor shall execute any and all instruments for a more fully and certainly vesting in, and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this section, as the ease may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 610. MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION TO BUSINESS. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities or coupons shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities or coupons so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities or coupons. In case any Securities or coupons shall not have been authenticated by such predecessor Trustee, any such successor Trustee may authenticate and deliver such Securities or coupons, in either its own

name or that of its predecessor Trustee, with the full force and effect which this Indenture provides for the certificate of authentication of the Trustee.

SECTION 611. APPOINTMENT OF AUTHENTICATION AGENT. At any time when any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial redemption or repayment thereof, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee Hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, a copy of which instruction shall be promptly furnished to the Issuer. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Issuer and the Guarantor and, except as may otherwise be provided pursuant to Section 301, shall at all times be a bank or trust issuer or corporation organized and doing business and in good standing under the laws of the United States of America or of any State or

the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by federal or state authorities. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent for any series of Securities may at any time resign by giving written notice of resignation to the Trustee for such series, the Guarantor and the Issuer. The Trustee for any series of Securities may at any time terminate the agency of an Authenticating Agent by giving written notice of termination to such Authenticating Agent, the Guarantor and the Issuer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee for such series may appoint a successor Authenticating Agent which shall be acceptable to the Issuer and the Guarantor and shall give notice of such appointment to

all Holders of Securities of the series with respect to which such Authenticating Agent will service in the manner set forth in Section 106. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Issuer agrees and the Guarantor agrees to pay to each Authenticating Agent from time to time reasonable compensation including reimbursement of its reasonable expenses for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

[ ]
---
as Trustee

By:
---
as Authenticating Agent

By:

Authorized Officer

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE, GUARANTOR AND ISSUER

SECTION 701. DISCLOSURE OF NAMES AND ADDRESSES OF HOLDERS. Every Holder of Securities or coupons, by receiving and holding the same, agrees with the Issuer, the Guarantor and the Trustee that neither the Issuer, the Guarantor nor the Trustee nor any Authenticating Agent nor any Paying Agent nor any Security Registrar shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders of Securities in accordance with TIA Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312(b).

SECTION 702. REPORTS BY TRUSTEE. Within 60 days after January 1 of each year commencing with the first January 1 after the issuance of Securities pursuant to this Indenture, the Trustee shall transmit by mail to all Holders of Securities as provided in TIA Section 313(c) a brief report dated as of such January 1, if required by TIA Section 313(a).

SECTION 703. REPORTS BY ISSUER AND GUARANTOR. The Issuer and the Guarantor will:

(1) file with the Trustee, within 15 days after the Issuer or the Guarantor, as the case may be, is required to file the same with the Commission, copies of the annual reports and of the information documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribed) which the Issuer or the Guarantor, as the case may be, may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Issuer or Guarantor, as the case may be, is not required to file information, documents or reports pursuant to either of such Sections, then it will file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Issuer or Guarantor ,as the case may be, with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to the Holders of Securities, within 30 days after the filing hereof with the Trustee, in the manner and to the extent provided in TIA Section 313(c), such summaries of any information, documents and reports required to be filed by the Issuer or the Guarantor pursuant to paragraphs (1) and (2) of this section as may be required by rules and regulations prescribed from time to time by the Commission.

SECTION 704. ISSUER AND THE GUARANTOR TO FURNISH TO TRUSTEE NAMES AND ADDRESSES OF HOLDERS. The Issuer and the Guarantor (with respect to Securities of each series that are Guaranteed Securities, will furnish or cause to be furnished to the Trustee:

(a) semi-annually, not later than 25 days after the Regular Record Date for interest for each series of Securities, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Registered Securities of such series as of such Regular Record Date, or if there is no Regular Record Date for interest for such series of Securities, semi-annually, upon such dates as are set forth in the Board Resolution or indenture supplemental hereto authorizing such series, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Issuer or the Guarantor (with respect to Securities of each series that are Guaranteed Securities) of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished; PROVIDED, HOWEVER, that so long as the Trustee is the Security Registrar, no such list shall be required to be furnished.

ARTICLE EIGHT

CONSOLIDATION, MERGER AND SALES

SECTION 801. ISSUER MAY CONSOLIDATE, ETC., ONLY ON CERTAIN TERMS. Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of the issuer with or into any other Person or Persons (whether or not affiliated with the issuer), or successive consolidations or mergers in which either the Issuer will he the continuing entity or the Issuer or its successor or successors shall be a party or parties, or shall prevent any conveyance, transfer or lease of all or substantially all of the property of the Issuer, to any other Person (whether or not affiliated with the Issuer); provided, however, that:

(1) in case the Issuer shall consolidate with or merge into another Person or convey, transfer or lease all or substantially all of its

properties and assets to any Person, the entity formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, all or substantially all of the properties of the Issuer shall be a Person organized arid existing under the laws of the United States of America, any state thereof or the District of Columbia and shall expressly assume, by an indenture (or indentures if at such time there is more than one Trustee) supplemental hereto, executed by the successor Person and the Guarantor and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of, any premium and interest on and any Additional Amounts with respect to all the Securities and the performance of every obligation in this Indenture and the Outstanding Securities on the part of the Issuer to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default or event which, after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; and

(3) either the Issuer or the successor Person shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

No such consolidation, merger, conveyance, transfer or lease shall be permitted by this Section

unless prior thereto the Guarantor shall have delivered to the Trustee a Guarantor's Officers' Certificate and an Opinion of Counsel, each stating that the Guarantor's obligations hereunder shall remain in full force and effect thereafter.

SECTION 802. SUCCESSOR PERSON SUBSTITUTED FOR ISSUER. Upon any consolidation by the Issuer with or merger of the Issuer into any other Person or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Issuer to any Person in accordance with Section 801, the successor Person formed by such consolidation or into which the Issuer is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein; and thereafter, except in the case of a lease, the predecessor Person shall be released from all obligations and covenants tinder this Indenture, the Securities and the Coupons.

SECTION 803. GUARANTOR MAY CONSOLIDATE, ETC., ONLY ON CERTAIN TERMS. Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of the Guarantor with or into any other Person or Persons (whether or not affiliated with the Guarantor), or successive consolidations or mergers in which either the Guarantor will he the continuing entity or the Guarantor or its successor or successors shall be a party or parties, or shall prevent any conveyance, transfer or lease of all or substantially all of the property of the Guarantor, to any other Person (whether or not affiliated with the Guarantor); provided, however, that:

(1) in case the Guarantor shall consolidate with or merge into another Person or convey, transfer or lease all or substantially all of its properties and assets to any Person, the entity formed by such consolidation or into which the Guarantor is merged or the Person which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of the Guarantor shall be a Person organized and existing under the laws of the United States of America, any stale thereof or the District of Columbia and shall expressly assume, by an indenture (or indentures, if at such time there is more than one Trustee) supplemental hereto, executed and delivered by the Issuer and the successor Person to the Trustee, in form satisfactory other Trustee, the obligation of the Guarantor under the Guarantee and the performance of every other covenant of this Indenture on the part of the Guarantor to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) each of the Guarantor arid the successor Person has delivered to the Trustee a Guarantor's Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 804. SUCCESSOR PERSON SUBSTITUTED FOR GUARANTOR. Upon any consolidation or merger or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Guarantor to any Person in accordance with Section 803, the successor Person formed by such consolidation or into which the Guarantor is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under this Indenture with the same effect as if. it such successor Person had been named as the Guarantor herein, and thereafter, except in the case of a lease to another Person, the predecessor Person shall be released from all obligations and covenants under this indenture.

SECTION 805 ASSUMPTION BY GUARANTOR. The Guarantor, or a subsidiary thereof that is a Corporation, may directly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of, any premium and interest on and any Additional Amounts with respect to all the Guaranteed Securities and the performance of every covenant of this Indenture on the part of the Issuer to be performed or observed. Upon any such assumption, the Guarantor or such subsidiary shall succeed to, and be substituted for and may exercise every right and power of, the Issuer under this Indenture with the same effect as if the Guarantor or such subsidiary had been named as the Issuer herein and the Issuer shall be released from all obligations and covenants with respect to the Guaranteed Securities. No such assumption shall be permitted unless the Guarantor has delivered to the Trustee (i) a Guarantor's Officers' Certificate and an Opinion of Counsel, each stating that such assumption and supplemental indenture comply with this Article, and that all conditions precedent herein provided for relating to such transaction have been complied with and that, in the event of assumption by a subsidiary, the Guarantee and all other covenants of the Guarantor herein remain in full force and effect and (ii) an opinion of independent counsel that she Holders of Guaranteed Securities or related Coupons (assuming such orders are only taxed as residents of the United States) shall have no United States federal tax consequences as a result of such assumption, and that, if any Securities are then listed on the New York Stock Exchange, that such Securities shall not be delisted as a result of such assumption.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF HOLDERS. Without the consent of any Holders of Securities or coupons, the Issuer (when authorized by or pursuant to a Board Resolution), the Guarantor (when authorized by a Guarantor's Board Resolution) and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, for any of the following purposes;

(1) to evidence the succession of another Person to the Issuer or the Guarantor and the assumption by any such successor of the covenants of the Issuer or the Guarantor, as the case may be, herein and in the Securities contained; or

(2) to add to the covenants of the Issuer or the Guarantor for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Issuer or the Guarantor; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such Events of Default are to be for the benefit of less than all series of Securities, stating that such Events of Default are expressly being included solely for the benefit of such series); PROVIDED, HOWEVER, that in respect of any such additional Events of Default such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the Holders of a majority in aggregate principal amount of that or those series of Securities to which such additional Events of Default apply to waive such default; or

(4) to add to or change any of the provisions of this Indenture to provide that Bearer Securities may be registerable as to principal, to

change or eliminate any restrictions on the payment of principal of or any premium or interest on Bearer Securities, to permit Bearer Securities to be issued in exchange for Registered Securities, to permit Bearer Securities to be issued in exchange for Bearer Securities of other authorized denominations or to permit or facilitate the issuance of Securities in uncertificated form, provided, that any such action shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect; or

(5) to change or eliminate any of the provisions of this Indenture, provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(6) to secure the Securities; or

(7) to establish the form or terms of Securities of any series and any related coupons as permitted by Sections 202 and 301, including the provisions and procedures relating to Securities convertible into Common Stock or Preferred Stock, as the case may be; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee; or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture, provided such provisions shall not adversely affect the interests of the Holders of Securities of any series or any related coupons of any material respect; or

(10) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities pursuant to Sections 401, 1402 and 1403; provided that any such action shall not adversely affect the interests of the Holders of Securities of such series and any related coupons or any other series of Securities if any material respect; or

(11) to effect the assumption by the Guarantor or a subsidiary thereof pursuant to Section 805; or

SECTION 902. SUPPLEMENTAL INDENTURES WITH CONSENT OF HOLDERS. With the consent of the Holders of not less than a majority in principal amount of all Outstanding Securities of any series, by Act of said Holders delivered to the Issuer, the Guarantor (if Securities are Guaranteed Securities) and the Trustee, the Issuer (when authorized by or pursuant to a Board Resolution) the Guarantor (when authorized by or pursuant to a Guarantor's Board Resolution) if applicable, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, as it relates to such series or of modify in any manner the rights of the Holders of Securities of such series and any related coupons under this Indenture; PROVIDED, HOWEVER, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(1) change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on, any Security; or reduce the principal amount thereof or the rate or amount of interest thereon or any Additional Amounts payable in respect thereof; or any premium payable upon the redemption thereof; or change any obligation of the Issuer to pay Additional Amounts pursuant to Section 1010 (except as contemplated by Section 801(i) and permitted by Section 901(1)), or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502 or the amount thereof pursuant to Section 502 or the amount thereof provable in bankruptcy pursuant to Section 504, or adversely affect any right of repayment at the option of the Holder of any Security, or change any Place of Payment where, or the currency or currencies, currency unit or units or composite currency or currencies in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity thereof (or, in the ease of redemption or repayment at the option of the Holder, on or after the Redemption Date or the Repayment Date, as the case may be), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver with respect to such series (or compliance with certain provisions of this indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or reduce the requirement of Section 1504 for quorum or voting, or

(3) modify or effect in any manner adverse to the Holders the terms and conditions of the obligations of the Guarantor in respect of the due and punctual payments of principal of, or any premium or interest on or any sinking fund requirements or Additional Amounts with respect to, Guaranteed Securities, or

(4) modify any of the provisions of this Section, Section 513 or Section 1008, except to increase the required percentage to effect such action or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

SECTION 903. EXECUTION OF SUPPLEMENT INDENTURES. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. EFFECT OF SUPPLEMENTAL INDENTURES. Upon the execution of an supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder and of any coupon appertaining thereto shall be bound thereby.

SECTION 905. CONFORMITY WITH TRUST INDENTURE ACT. Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. REFERENCE IN SECURITIES TO SUPPLEMENTAL INDENTURES. Securities of any series authenticated and delivered after the execution of an supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, INTEREST AND ADDITIONAL AMOUNTS. The Issuer covenants and agrees for the benefit of the Holders of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest on and any Additional Amounts payable in respect of the Securities of that series in accordance with the terms of such series of Securities; and coupons appertaining thereto and this Indenture. Unless otherwise specified as contemplated by Section 301 with respect to any series of a Securities, any interest due on and any Additional Amounts payable in respect of Bearer Securities on or before Maturity, other than Additional Amounts, if any, payable as provided in Section 1010 in respect of principal of (or premium, if any, on) such a Security, shall be payable only upon presentation and surrender of the several coupons for such interest

installments as are evidenced thereby as they severally mature. Unless otherwise specified with respect to Securities of any series pursuant to Section 301, at the option of the Issuer, all payments of principal may be paid by check to the registered Holder of the Registered Security or other person entitled thereto against surrender of such Security.

SECTION 1002. MAINTENANCE OF OFFICE OR AGENCY. If Securities of a series are issuable only as Registered Securities, the Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) shall maintain in each Place of Payment for any series of Securities (but not Bearer Securities, except as otherwise provided in clause (B) below, unless such place of payment is located outside the United States) an office or agency where Securities of that series may be presented or surrendered for payment or conversion, where Securities of that series may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Issuer or the Guarantor (if any of the Guaranteed Securities are Outstanding) in respect of the Securities of that series and this Indenture may be served. If Securities of a series are issuable as Bearer Securities, the Issuer or the Guarantor (if any of the Guaranteed Securities are Outstanding) will maintain (A) in the Borough of Manhattan, the City of New York, an office or agency where any Registered Securities of that series may be presented or surrendered for payment or conversion, where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange, where

notices and demands to or upon the Issuer in respect of the Securities of that series and this Indenture may be served and where Bearer Securities of that series and related coupons may be presented or surrendered for payment or conversion in the circumstances described in the following paragraph (and not otherwise); (B) subject to and laws or regulations applicable thereto, in a Place of Payment for that series which is located outside the United States, an office or agency where Securities of that series and related coupons may be presented and surrendered for payment (including payment of any Additional Amounts payable on Securities of that series pursuant to Section 1010) or conversion; PROVIDED, HOWEVER, that if the Securities of that series are listed on The Stock Exchange of the United Kingdom and the Republic of Ireland or the Luxembourg Stock Exchange or an other stock exchange located outside the United States and such stock exchange shall so require, the Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) will maintain a Paying Agent for the Securities of that series in London, Luxembourg or any other required city located outside the United States, as the case may be, so long as the Securities of that series are listed on such exchange; and (C) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located outside the United States an office or agency where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange and where notices and demands to or upon the Issuer in respect of the Securities of that series and this Indenture may be served. The Issuer and the Guarantor (if any Guaranteed Securities are Outstanding) will give prompt written notice to the Trustee of the location, and any change in the location, of each such office or agency. If at any time the Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereto, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, except that Bearer Securities of that series and the related coupons may be presented and surrendered for payment (including payment of any Additional Amounts payable on Bearer Securities of that series pursuant to Section 1022) or conversion at the offices specified in the Security in London, England; and the Issuer and the Guarantor (if any Guaranteed Securities are Outstanding) hereby appoints the same as its agent to receive such respective presentations, surrenders, notices and demands, and the Issuer and the Guarantor (if any Guaranteed Securities are Outstanding) hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities pursuant to Section 301, no payment of principal, premium or interest on or Additional Amounts in respect of Bearer Securities shall be made at any office or agency of the Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; PROVIDED, HOWEVER, that, if the Securities of a series are payable in Dollars, payment of principal and any premium and interest on any Bearer Security (including any additional Amounts Payable on Securities of such series pursuant to Section 1010) shall be made at the office of the Issuer's or the Guarantor (if any Guaranteed Securities are Outstanding) Paying Agent in the Borough of Manhattan, the City of New York, if (but only if) payment in Dollars of the full amount of such principal, premium, interest or Additional Amounts, as the case may be, at all offices or agencies outside the United States maintained for such purpose by the Issuer in accordance with this Indenture, is illegal or

effectively precluded by exchange controls or other similar restrictions.

The Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) may from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all of such purposes, and may from time to time rescind such designation; PROVIDED, HOWEVER, that no such designation or rescission shall in any manner relieve the Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such Purposes. The Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) will give prompt written notice to the Trustee of any, such designation or rescission and of any change in the location of any such other office or agency. Unless otherwise specified with respect to any Securities pursuant to Section 301 with respect to a series of Securities, the Issuer and the Guarantor (if any Guaranteed Securities are Outstanding) hereby designates as a Place of Payment for each series of Securities the office or agency of the Issuer or the Guarantor (if any Guaranteed Securities are Outstanding) in the Borough of Manhattan, the City of New York, and initially appoints the Trustee at its Corporate Trust Office as Paying Agent in such city and as its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities pursuant to Section 302, if and so long as the Securities of any series (i) are denominated in a Foreign Currency or (II) may be payable in a Foreign Currency or so long as it is required under any other provision of this Indenture, then the Issuer will maintain with respect to each such series of Securities, or as so required, at least one exchange rate agent.

SECTION 1003. MONEY FOR SECURITIES PAYMENTS TO BE HELD IN TRUST. If the Issuer shall at any time act as its own Paying Agent with respect to any series of any Securities and any related coupons, it will, by no later than 11:00 a.m. Eastern Time on the day prior to each due date of the principal of (and premium, if any), or interest on or Additional Amounts in respect of, any of the Securities of that series, segregate and holder in trust for the benefit of the Persons entitled thereto a sum in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series) sufficient to pay the principal (and

premium, if any) or interest or Additional Amounts so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the Issuer shall have one or more Paying Agents for any series of Securities and any related coupons, it will, on or before each due date of the principal of (and premium, if any), or interest on or Additional Amounts in respect of any Securities of that Series, deposit with a Paying Agent a sum (in the currency or currencies, currency unit or units or composite currency or currencies described in the preceding paragraph) sufficient to pay the principal (and premium, if any) or interest or Additional Amount, so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest or Additional Amounts and (unless such Paying Agent is the Trustee) the Issuer will promptly notify the Trustee of its action or failure so to act.

The Issuer will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of principal or (and premium, if any) or interest on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Issuer or the Guarantor (or any other obligor upon the Securities) in the making of any such payment of principal (and premium, if any) or interest; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Issuer or the Guarantor (with Securities that are Guaranteed Securities) may at any time, for the purpose of obtaining the satisfaction and discharge of this indenture or for any other purpose, pay, or by Issuer Order or Guarantor Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Issuer or such Paying Agent, such sums to be held by the Trustee upon the same terms as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to

such sums.

Except as otherwise provided in the Securities of any series, any money deposited with the Trustee or any Paying Agent, or then held by the Issuer in trust for the payment of the principal of (and premium, if any) or interest on, or any Additional Amounts in respect of, any Security of any series and remaining unclaimed for two years after such principal (and premium, if any), interest or Additional Amounts has become due and payable shall be paid to the Issuer upon Issuer Request (or if deposited by the Guarantor, paid to the Guarantor or Guarantor Request), or (if then held by the Issuer) shall be discharged from such trust; and the Holder of

such Security shall thereafter, as an unsecured general creditor, look only to the Issuer and the Guarantor (if the Securities are Guaranteed Securities) for payment of such principal of (and premium, it any) or interest on, or any Additional Amounts in respect of such Security, without interest thereon, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof; shall thereupon cease; PROVIDED, HOWEVER, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer or the Guarantor, as the case may be.

SECTION 1004. EXISTENCE. Subject to Article Eight, the Issuer and the Guarantor will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (declaration and statutory) and franchises; PROVIDED, HOWEVER, that the Issuer or the Guarantor shall not be required to preserve any right or franchise if the Board or the Guarantor's Board of Directors, respectively, shall determine that the preservation thereof is no longer desirable in the conduct of the business of the issuer and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1005. STATEMENT AS TO COMPLIANCE. The Issuer and the Guarantor will each deliver to the Trustee, within 120 days after the end of each of their respective fiscal year, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer of the General Partner or the Guarantor, respectively, as to his or her knowledge of the Issuer's or the Guarantor's compliance with all conditions and covenants under this Indenture and in the event of any noncompliance, specifying such noncompliance and the nature and status thereof. For purposes of this Section 1006, such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

SECTION 1006. MAINTENANCE OF PROPERTIES. The Issuer shall cause all of its material properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the Issuer may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, notwithstanding anything herein to the contrary, the Issuer and its Subsidiaries may sell or otherwise dispose of any of their properties for value in the ordinary course of business.

SECTION 1007. INSURANCE. The Issuer shall cause each of its properties and each of the properties of its Subsidiaries to be insured against loss of damage with insurers of recognized responsibility, in commercially reasonable amounts and types and with insurers having a specified rating from a recognized insurance rating service as may be specified as contemplated by Section 301.

SECTION 1008. PAYMENT OF TAXES AND OTHER CLAIMS. The Issuer and the Guarantor shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent (i) all taxes, assessments and governmental charges levied or imposed upon the Issuer, the Guarantor or any Subsidiary or upon the income, profits or property of the Issuer, the

Guarantor or any Subsidiary, and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon property of the Issuer, the Guarantor or any Subsidiary; PROVIDED, HOWEVER, notwithstanding anything herein to the contrary that neither, the Issuer nor the Guarantor shall not be required to pay or discharge or cause to be paid or discharged any tax, assessment, charge or claim whose amount or applicability is being contested in good faith.

SECTION 1009. ADDITIONAL AMOUNTS. If any Securities of a series provide for the payment of Additional Amounts, the Issuer and the Guarantor (if the Securities are Guaranteed Securities) will pay to the Holder of any Security of

such series or any upon appertaining thereto Additional Amounts as may be specified as contemplated by Section 301. Whenever in this Indenture there is mentioned, in any context except in the case of Section 502(1), the payment of the principal of or any premium or interest on, or in respect of; any Security of any series or payment of any related coupon or the net proceeds received on the statement or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of Additional Amounts provided by the terms of such series established pursuant to Section 301 to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to such terms and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

Except as otherwise specified as contemplated by Section 301, if the Securities of a series provide for the payment of Additional Amounts, at least 20 days prior to the first Interest Payment Date with respect to that series of Securities (or if the Securities of that series will not bear interest prior to Maturity, the first day on which a payment of principal and any premium is made) and at least 10 days prior to each date of payment of principal and any premium or interest if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Issuer or the Guarantor, as the case may be, will furnish the Trustee and the Issuer's principal Paying Agent or Paying Agents, if other than the Trustee, with an Officers' Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal of and any premium or interest on the Securities of that series shall be made to Holders of Securities of that series or any related coupons who are not United States persons without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of the series. If any such withholding shall be required, then such Officers Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities of that series or related coupons and the Issuer and the Guarantor (if the Securities are Guaranteed Securities) will pay to the Trustee or such Paying Agent the Additional Amounts required by the terms of such Securities. In the event that the Trustee or any Paying Agent, as the case may be, shall not so receive the above-mentioned certificate then the Trustee or such Paving Agent shall be entitled (i) to assume that no such withholding or deduction is required with respect to any payment of principal or interest with respect to any Securities of a series or related coupons until it shall have received a certificate advising otherwise and (ii) to make all payments of principal and interest with respect to the Securities of a series or related coupons without withholding or deductions until otherwise advised. The Issuer and the Guarantor each covenant to indemnify the Trustee and any Paying

Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them or in reliance on any officers, Certificate finished pursuant to this Section or in reliance on the Issuer or the Guarantor not furnishing such an Officers' Certificate.

SECTION 1010. WAIVER OF CERTAIN COVENANTS. The Issuer or the Guarantor, as the case may be, may omit in any particular instance to comply with any term, provision or condition set forth in Sections 1004 or 1005, before or after the time for such compliance the Holders of at least a majority in principal amount of all Outstanding Securities of each series, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Issuer and the Guarantor and the duties of the Trustee in respect of an such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. APPLICABILITY OF ARTICLE. Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1102. ELECTION TO REDEEM; NOTICE TO TRUSTEE. The election of the Issuer to redeem any Securities shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Securities of any series, the Issuer shall, at least 45 days prior to the giving of the notice of redemption in Section 1104 (unless a shorter notice shall be satisfactory to the Trustee in its sole discretion), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such

Securities or elsewhere in this Indenture, the Issuer shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

SECTION 1103. SELECTION BY TRUSTEE OF SECURITIES TO BE REDEEMED. If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series or a denomination larger than the minimum authorized denomination for Securities or that series. The Trustee shall promptly notify the Issuer and the Security Registrar (if other than itself) in writing of the

Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be reviewed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 1104. NOTICE OF REDEMPTION. Notice of redemption shall be given in the manner provided in Section 106 and may be further specified in an indenture supplemental hereto, not less than 30 days nor more than 60 days prior to the Redemption Date, unless a shorter period is specified by the terms of such series established pursuant to Section 301, to each Holder of Securities to be redeemed, but failure to give such notice in the manner herein provided to the Holder any Security designated for redemption as a whole or in part, or any defect in the notice to any such Holder, shall not affect the validity of the proceedings for the redemption of any other such Security or portion thereof.

Any notice that is mailed to the Holders of Registered Securities in the manner herein provided shall be conclusively presumed to have been duly given, whether or not a Holder receives the notice.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price, accrued interest to the Redemption Date payable as provided in Section 1106, if any, and Additional Amounts, if any,

(3) if less than all Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amount) of the particular Security or Securities to be redeemed,

(4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the holder will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed,

(5) that on the Redemption Date the Redemption Price and accrued interest to the Redemption Date payable as provided in Section 1106, if any, will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon shall cease to accrue on and after said date,

(6) the Place or Places of Payment where such Securities together in the case of Bearer Securities with all coupons appertaining thereto, if any, maturing after the

Redemption Date, are to be surrendered for payment of the Redemption Price and accrued interest, if any, or for conversion,

(7) that the redemption is for a sinking fund, if such is the case,

(8) that unless otherwise specified in such notice, Bearer Securities of any series, if any, surrendered for redemption must be accompanied by all coupons maturing subsequent to the Redemption Date or the amount of any such missing coupon or coupons will be deducted from the Redemption Price, unless security or indemnity satisfactory to the Issuer, the Trustee for such series and any Paying Agent is finished,

(9) if Bearer Securities of any series are to be redeemed and any Registered Securities of any such series are not to be redeemed, and if

such Bearer Securities may be exchanged for Registered Securities not subject to redemption on this Redemption Date pursuant to Section 305 or otherwise, the last date, as determined by the Issuer, on which such exchanges may be made,

(10) the CUSIP number of such Security, if any, and

(11) if applicable, that a Holder of Securities who desires to convert Securities for redemption must satisfy the requirements for conversion contained in such Securities, the then existing conversion price or rate, and the date and time when the option to convert shall expire.

Notice of redemption of Securities to be redeemed shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer.

SECTION 1105. DEPOSIT OF REDEMPTION PRICE. On or prior to 11:00 a.m. Eastern Time on the date prior to any Redemption Date, the Issuer shall deposit with the Trustee or with a Paying Agent (or, if the Issuer is acting as its own Paying Agent, which it may not do in the case of a sinking fund payment under Article Twelve, segregate and hold in trust as provided in Section 1003) an amount of money in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series) sufficient to pa on the Redemption Date the Redemption Price of; and (except if the Redemption Date shall be an interest Payment Date) accrued interest on, all the Securities or portions thereof which are to be redeemed on that date.

SECTION 1106. SECURITIES PAYABLE ON REDEMPTION DATE. Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 far the Securities of such series) (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Issuer shall default in the payment of the Redemption Price and accrued interest) such

Securities shall, if the same were interest-bearing, cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be redeemed, except to the extent provided below, shall be void. Upon surrender of any such Security for redemption in accordance with said notice, together with all coupons if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Issuer at the Redemption Price, together with accrued interest, if any, to the Redemption Date; PROVIDED, HOWEVER, that installments of interest on Bearer Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon representation and surrender of coupons for such interest; and PROVIDED, FURTHER, that except as otherwise provided with respect to Securities convertible into Common Stock or Preferred Stock, installments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more predecessor Securities registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307 if any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such mining coupons, or the surrender of such missing coupon or coupons may be waived by the Issuer and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless if thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent ally such missing coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; PROVIDED, HOWEVER, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of those coupons.

If an Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate borne by the Security.

SECTION 1107. SECURITIES REDEEMED IN PART. Any Registered Security which is to be redeemed only in part pursuant to the provisions of this Article or of Article Twelve) shall be surrendered at a Place of Payment therefor (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by the Holder thereof or his attorney duly authorized in writing) and

the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Security without charge a new Security or Securities of the same series, of any authorized denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. APPLICABILITY OF ARTICLE. The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series. The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of such Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of any Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. SATISFACTION OF SINKING FUND PAYMENT WITH SECURITIES. The Issuer may, in satisfaction of all or any part of any mandatory sinking fund payment with respect to the Securities of a series, (1) deliver Outstanding Securities of such series (other than any previously called for redemption) together in the case of any Bearer Securities of such series with any unmatured coupons appertaining thereto and (2) apply as a credit Securities of such series which have been redeemed either at the election of the Issuer pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, as provided for by the terms of such Securities, or which have otherwise been acquired by the Issuer; provided that such Securities so delivered or applied as a credit have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the applicable Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 1203. REDEMPTION OF SECURITIES FOR SINKING FUND. Not less than 60 days prior to each sinking and payment date for Securities of any series, the Issuer will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing mandatory sinking fund payment for that series pursuant to the terms of that series, or portion thereof; if any, which is to be Satisfied by payment of cash in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities of such series are payable except as otherwise specified pursuant to Section 301 for the Securities of such series) and the portion thereof; if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202, and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking fund payment, and will also deliver to the Trustee any Securities to be so delivered and credited. If such Officers' Certificate shall specify an optional amount to be added in cash to the next ensuring mandatory sinking fund payment, the Issuer shall thereupon be obligated to pay the amount therein specified. Not less than 30 days before each such Sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereto to be given in the name of and at the expense of the Issuer in the manner provided in Section

1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

ARTICLE THIRTEEN

REPAYMENT AT THE OPTION OF HOLDERS

SECTION 1301. APPLICABILITY OF ARTICLE. Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities, if any, and except as otherwise specified by the terms of such series established pursuant to Section 301 in accordance with this Article.

SECTION 1302. REPAYMENT OF SECURITIES. Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof; together with interest, if any, thereon

accrued to The Repayment Date specified in or pursuant to the terms of such Securities. The Issuer covenants that on or the day prior to the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Issuer is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series) sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of; and (except if the Repayment Date shall be an Interest Payment Date) accrued interest on, all the Securities or portions thereof; as the case may be, to be repaid on such date.

SECTION 1303. EXERCISE OF OPTION. Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. In order for any Security to be repaid at the option of the Holder, the Trustee must receive at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Issuer shall from time to time notify the Holders of such securities) not earlier than 60 days nor later than 30 days prior to the Repayment Date (1) the Security so providing for any such repayment together with the Option to Elect Repayment form on the reverse thereof duly completed by the Holder or by the Holder's attorney duly authorized in writing or (2) a telegram, telex, facsimile transmission or a letter from a member of a national securities exchange, or the National Association of Securities Dealers, Inc. ("NASD"), or a commercial bank or trust Issuer in the United States setting forth the name of the Holder of the Security, the principal amount of the Security, the principal amount of the security to be repaid, the CUSIP number, if any, or a description of the tenor and terms of the Security, a statement that the option to elect repayment is being exercised thereby and a guarantee that the Security to be repaid, together with the duly completed form entitled "Option to Elect Repayment" on the reverse of the Security will be received by the Trustee not later than the fifth Business Day after the date of such telegram, telex, facsimile transmission or letter; PROVIDED, HOWEVER, that such telegram, telex, facsimile transmission or letter shall only be effective if such Security and form

duly completed are received by the Trustee by such fifth Business Day. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of the minimum denomination for Securities of such series, shall be stated in a writing issuing such Security. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Issuer.

SECTION 1304. WHEN SECURITIES PRESENTED FOR RECIPIENT BECOME DUE AND PAYABLE. If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Issuer on the Repayment Date therein specified, and on and after such Repayment Date (unless the Issuer shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be repaid, except to the extent provided below, shall be void. Upon surrender of any such Security for repayment in accordance with such provisions, together with all coupons, if any, appertaining thereto maturing after the Repayment Date, the principal amount of such Security so to be repaid shall be paid by the Issuer, together with accrued interest, if any, to the Repayment Date; PROVIDED, HOWEVER, that coupons whose Stated Maturity is on or prior to the Repayment Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and unless otherwise specified pursuant to Section 301, only upon presentation and surrender of such coupons; and PROVIDED, FURTHER, that, in the case of Registered Securities, installments of interest, if any, whose Stated Maturity is on or prior to the Repayment Date shall be payable (but without interest thereon, unless the Issuer shall default in the payment thereof) to the Holders of such Securities, or one or more predecessor Securities, registered as such as the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Bearer Security surrendered for repayment shall not be accompanied by all appurtenant coupons maturing after the Repayment Date, such Security may be paid after deducting from the amount payable therefor as provided in Section 1302 an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the issuer and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made as provided in the preceding sentence, such Holder shall be entitled to receive the

amount so deducted; PROVIDED, HOWEVER, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of those coupons.

If the principal amount of any Security surrendered for repayment shall not be so repaid upon surrender thereof, such principal amount (together with interest, if any, thereon accrued to

such Repayment Date) shall, until paid, bear interest from the Repayment Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security.

SECTION 1305. SECURITIES REPAID IN PARTT. Upon surrender of any Registered Security which is to be repaid in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without charge and at the expense of the Issuer9 a new Registered Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE FOURTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1401. APPLICABILITY OF ARTICLE; ISSUER'S OPTION TO EFFECT DEFEASANCE OR COVENANT DEFEASANCE. If; pursuant to Section 301, provision is made for either or both of (a) defeasance of the Securities of a series under Section 1402 or (b) covenant defeasance of the Securities of a series under Section 1403, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article (with such modifications thereto as may be specified pursuant to Section 301 with respect to any Securities), shall be applicable to such Securities and any coupons appertaining thereto, and the Issuer may at its option by Board Resolution, at any time, with respect to such Securities and any coupons appertaining thereto, elect to have Section 1402 (if applicable) or Section 1403 (if applicable) be applied to such Outstanding Securities and any coupons appertaining thereto upon compliance with the conditions set forth below in this Article.

SECTION 1402. DEFEASANCE AND DISCHARGE. Upon the Issuer's exercise of the above option applicable to this Section with respect to any Securities of a series, the Issuer shall be deemed to have been discharged from its obligations with respect to such Outstanding Securities and any coupons appertaining thereto on the date the conditions set forth in Section 1404 are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Issuer shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Securities and any coupons appertaining thereto, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 1405 and the other Sections of this Indenture referred to in clauses (A) and (B) below, and to have satisfied all of its other obligations under such Securities and coupons appertaining thereto and this Indenture insofar as such Securities and any coupons appertaining thereto are concerned (and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Outstanding Securities and any coupons appertaining thereto to receive, solely from the trust fund described in Section 1404 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest, if any, on such Securities and any coupons appertaining thereto when such payments are due, (B) the Issuer' s

obligations with respect to such Securities under Sections 305, 306, 1002 and 1003 and with respect to the payment of Additional Amounts. if any, on such Securities as contemplated by Section 1010, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (D) this Article Fourteen. Subject to compliance with this Article Fourteen, the Issuer may exercise its option under this Section notwithstanding the prior exercise of its option under Section 1403 with respect to such Securities and any coupons appertaining thereto.

SECTION 1403. COVENANT DEFEASANCE. Upon the Issuer's exercise of the above option applicable to this Section with respect to any Securities of a series, each of the Issuer and the Guarantor (if the Securities are Guaranteed Securities) shall be released from its obligations under Sections 1004 and 1005 and, if specified pursuant to Section 301, its obligations under any other covenant, with respect to such Outstanding Securities and any coupons

appertaining thereto and the Guarantee in respect thereof (if the Securities are Guaranteed Securities), on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter, "covenant defeasance"), and such Securities and any coupons appertaining thereto shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with Sections 1004 and 1605 or such other covenant but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Outstanding Securities and any coupons appertaining thereto, the Issuer and the Guarantor, if applicable, may omit to comply with and shall have no liability in respect of any term, condition or imitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to an such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other provision herein or in any other document and such omission to comply shall not constitute a default or an Event of Default under Section 501(4) or 501(9) or otherwise, as the case may be, but except as specified above, the remainder of this Indenture and such Securities and any coupons appertaining thereto and the Guarantee in respect thereof (if the Securities are Guaranteed Securities), shall be unaffected thereby.

SECTION 1404. CONDITIONS TO DEFEASANCE OR COVENANT DEFEASANCE. The following shall be the conditions to application of Section 1402 or Section 1403 to any Outstanding Securities of a series and any coupons appertaining thereto and the Guarantor in respect thereof (if the Securities are Guaranteed Securities),

(a) The Issuer or the Guarantor (if the Securities are Guaranteed Securities) shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 607 who shall agree to comply with the provisions of this Article Fourteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities and any coupons appertaining thereto, (1) an amount in such currency, currencies or currency unit in which such Securities and any coupons appertaining hereto are then specified as payable at Stated Maturity) which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal of (and premium, if any) and interest, it any, on such

Securities and any coupons appertaining thereto, or (2) a combination of currency, currencies or currency units in an amount, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (i) the principal (and premium, if any) and interest, if any, on such Outstanding Securities and any coupons appertaining thereto on the Stated Maturity of such principal or installment of principal or interest and (ii) any mandatory sinking fund Payments or analogous payments applicable to such Outstanding Securities any coupons appertaining thereto on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities and any coupons appertaining thereto.

(b) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Issuer or the Guarantor (if the Securities are Guaranteed Securities) is a party or by which it is bound.

(c) No Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to such Securities and any coupons appertaining thereto shall have occurred and be continuing on the date of such deposit or, insofar as Sections 501(6) and 501(7) are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfies until the expiration of such period).

(d) In the case of an election under Section 1402, the Issuer or the Guarantor (if the Securities are Guaranteed Securities) shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Issuer or the Guarantor (if the Securities are Guaranteed Securities) has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders or such Outstanding Securities and any coupons appertaining thereto will not recognize income, gain or loss or Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the

same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(e) In the case of an election under Section 1403, the Issuer or the Guarantor (if the Securities are Guaranteed Securities) shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Outstanding Securities and any coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(f) The Issuer or the Guarantor (if the Securities are Guaranteed Securities) shall have delivered to the Trustee an Officers' Certificate or a Guarantor's Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance under Section 1402 or the covenant defeasance under Section 1403 (as the cue may be) have been complied with and an Opinion of Counsel to the effect that either (i) as a result of a deposit pursuant to subsection (a) above and the related exercise of the Issuer's option under Section 1402 or Section 1403 (as the case may be), registration is not required under the Investment Issuer Act of 1940, as amended, by the Issuer, with respect to the trust hinds representing such deposit or by the Trustee for such trust funds or (ii) all necessary registrations under said Act have been effected.

(g) Notwithstanding any other provisions of this Section, such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations which may be imposed on the Issuer or the Guarantor (if the Securities are Guaranteed Securities) in connection therewith pursuant to Section 301.

SECTION 1405. DEPOSITED MONEY AND GOVERNMENT OBLIGATIONS TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS. Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (or other property as may be provided pursuant to Section 301) (including the Proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 1405, the "Trustee") pursuant to Section 1404 in respect of any Outstanding Securities of any series and any coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and any coupons appertaining thereto and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities and any coupons appertaining thereto of all sums due and to become due thereon in respect of principal (and if any premium) and interest an Additional Amounts, if any, but such money be not be segregated from other funds except to the extent required by law.

Unless otherwise specified with respect to an Security pursuant to Section 301, if after a deposit referred to in Section 1404(a) has been made, (a) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 301 or the terms of such Security to receive payment in a currency or currency unit other than that in which the deposit pursuant to Section 1404(a) has been made in respect of such Security, or (b) a Conversion Event occurs in respect of the currency or currency unit in which the deposit pursuant to Section 1404(a) has been made, the indebtedness represented by such Security and any coupons appertaining thereto shall be deemed to have been, and will be fully discharged and satisfied through the payment of the principal of (and premium, if any), and interest, if any, on such Security as the same becomes due out of the proceeds yielded by converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the currency or currency unit in which such Security becomes payable as a result of such election based on the applicable market exchange rate for such currency or currency unit in effect on the second Business Day prior to each payment date, or,

with respect to a Conversion Event, in effect for such currency or currency unit (as nearly as feasible) at the time of the Conversion Event.

The Issuer shall pay and indemnify the Trustee against any taxi fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1404 or the principal and interest received in respect thereof other than any such tax, fee or other charge which bylaw is for the account of the Holders of such Outstanding Securities and any coupons appertaining thereto.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request, or the Guarantor, as the case may be, upon the Guarantor Request, any money or Government Obligations (or other property and any proceeds therefrom) held by it

as provided in Section 1404 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect a defeasance or covenant defeasance, as applicable, in accordance with this Article.

ARTICLE FIFTEEN

MEETINGS OF HOLDERS OF SECURITIES

SECTION 1501. PURPOSES FOR WHICH MEETINGS MAY BE CALLED. A meeting of Holders of Securities of any series may be called at any time and from time to time pursuant to this Article to make give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

SECTION 1502. CALL, NOTICE AND PLACE OF MEETINGS.

(a) The Trustee may at any time call a meeting of Holders of Securities of any series for any purpose specified in Section 1501, to be held at such time and at such place in the Borough of Manhattan, The City of New York or, if Securities of such series have been issued in whole or in part as Bearer Securities, in London as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Issuer (pursuant to a Board Resolution) the Guarantor (if the Securities are Guaranteed Securities) pursuant to a Guarantors' Board Resolution or the Holders of at least twenty-five percent (25%) in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 1501, by written request setting forth in

reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first mailing of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Issuer, the Guarantor, if applicable, or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York or, if Securities of such series have been issued in whole or in part as Bearer Securities, in London for such meeting and may call such meeting for such purposes of waiving notice thereof as provided in subsection (a) of this Section.

SECTION 1503. PERSONS ENTITLED TO VOTE AT MEETINGS. To be entitled to vote at any meeting of Holders of Securities of any series, a perSON shall be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as Proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel, any representatives of the Guarantor and its counsel and any representatives of the Issuer and its counsel.

SECTION 1504. QUORUM; ACTION. The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series; PROVIDED, HOWEVER, that if any action is to be taken at such meeting with respect to a consent or waiver which this indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes after the time appointed for any such meeting, the meeting shall, if convenes at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 1502(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Except as limited by the proviso to Section 902, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of a majority in principal amount of the outstanding Securities of that series; PROVIDED, HOWEVER, that, except as limited by the provisions of Section 902, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the

Outstanding Securities of such a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of that series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related coupons, whether or not present or represented at the meeting. Notwithstanding the foregoing provisions of this Section 1504, if any action is to be taken at a meeting of Holders of Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(i) there shall be no minimum quorum requirement for such meeting; and

(ii) the principal amount of the Outstanding Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made1 given or taken under this Indenture.

SECTION 1505. DETERMINATION OF VOTING RIGHT; CONDUCT AND ADJOURNMENT OF MEETINGS.

(a) Notwithstanding any provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of a series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the Conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104 or having the nature of the Person executing the proxy witnessed or guaranteed by any trust Issuer, bank or banker authorized by Section 104 to certify to the holding of Bearer Securities. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid or genuine without the proof specified in Section 104 or other proof

(b) The Trustee shall, by an instrument m writing appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Issuer or by Holders of Securities as provided in Section 1502(b), in which case the Issuer or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary

of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each $1,000 principal amount of the Outstanding Securities of such series held or represented by him; PROVIDED, HOWEVER, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ailed by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 1502 at which a quorum is present may be adjourned from

time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting, and the meeting may he so adjourned without further notice.

SECTION 1506. COUNTING VOTES AND RECORDING ACTION OF MEETING The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or re resented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any Series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the fact, setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1502 and, if applicable, Section 1504. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Issuer and the Guarantor and another to the Trustee to be reserved by the Trustee the latter to have attached thereto the Ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

This Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

ARTICLE SIXTEEN

GUARANTEE

SECTION 1601. GUARANTEE. The Guarantee set forth in this Article Sixteen shall only be in effect with respect to Securities of a series to the extent such Guarantee is made applicable to such series in accordance with Section 301. The Guarantor hereby unconditionally guarantees to each Holder of a Guaranteed Security authenticated and delivered by the Trustee the due and punctual payment of the principal of, any premium and interest on, and any Additional Amounts with respect to such Guaranteed Security and the due and punctual payment of the sinking fund payments (if any) provided for pursuant to the terms of such Guaranteed Security, when and as the same shall become due and payable, whether at maturity, by acceleration, redemption, repayment or otherwise, in accordance with the terms of such Security and of this Indenture. In case of the failure of the Issuer punctually to pay any such principal, premium, interest, Additional Amounts or sinking fund payment, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise, and as if such payment were made by the Issuer.

The Guarantor hereby agrees that is obligations hereunder shall be as principal and not merely as surely, and shall be absolute, irrevocable and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of any Guaranteed Security or this Indenture, any failure to enforce the provisions of any Guaranteed Security or this Indenture, or any waiver, modification, consent or indulgence granted with respect thereto by the Holder of such Guaranteed Security or the Trustee, the recovery of any judgment against the Issuer or any action to enforce the same, or any other circumstances which may otherwise constitute a legal or equitable discharge of a surety or guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger, insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to any such Guaranteed Security or the Indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee will not be discharged except by payment in full of the principal of, any premium and interest on, and any Additional Amounts and sinking fund payments required with respect to, the Guaranteed Securities and the complete performance of all other obligations contained in the Guaranteed Securities.

This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment on any Guaranteed Security, in whole or in part, is restricted or must otherwise be restored to the Issuer or the Guarantor upon the bankruptcy, liquidation or reorganization of the Issuer or otherwise.

The Guarantor shall be subrogated to all rights of the Holder of any Guaranteed Security against the Issuer in respect of any amounts paid to such Holder by the Guarantor pursuant to the provisions of this Guarantee; PROVIDED, HOWEVER, that the Guarantor shall not be entitled to enforce, or to receive any

payments arising out of or based upon, such right of subrogation until the principal of, any premium an interest on, and any Additional Amounts and sinking fund payments required with respect to, all Guaranteed Securities shall have been paid in full.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and [the corporate seal] of the Issuer to be hereunto affixed and attested, as of the day and year first above written:

MACK-CALI REALTY, L.P.
By: Mack-Cali Realty Corporation
Partner

By:

Name:
Title:

(Seal)
Attest:

- ---
Title:

[ ]

By:

Name:
Title:

Attest:

- ---
Title:

EXHIBIT A

FORM OF CERTIFICATE TO BE GIVEN BY PERSON ENTITLED TO RECEIVE BEARER SECURITY OR TO OBTAIN INTEREST PAYABLE PRIOR TO THE EXCHANGE DATE

(Insert title or sufficient description of Securities to be delivered).

This is to certify that, as of the date, hereof, and except as set forth below the above captioned Securities held by you for our account (i) are owned by person(s) that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States federal income taxation regardless of its source ("United States person(s)"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulations Section 2.165-12(c)(1)(v) are herein referred to as "financial institutions") purchasing for their own account or for resale or (b) United States person(s) who acquired the Securities through foreign branches of United States financial Institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institutions hereby agrees, on its own behalf or through its agent, that you may advise the Price REIT or its agent that such financial institutions will comply with the requirements of Section 165(j)(3)(A),(B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institutions) for purposes of resale during the restricted period (as defined in United States Treasury

Regulations Section 1.163-5(c)(l)(i)(D)(7), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the States and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the above-captioned Securities held by you for our account in accordance with your Operating Procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to (U.S. $)_____ of such interest in the above-captioned Securities in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent global Security or an exchange for and delivery of

definitive Securities (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated 19__

(To be dated no earlier than the 15th day prior to (i) the Exchange Date or (ii) the relevant Interest Payment Date occurring prior to the Exchange Date, as applicable)

(Name of Person Making Certification)

(Authorized Signatory)
- --
Name:
Title:

[LETTERHEAD OF BALLARD SPAHR ANDREWS & INGERSOLL, LLP]

June 17, 1998

Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016

Re: Mack-Cali Realty Corporation, a Maryland corporation (the "Company"). Registration Statement on Form S-3 pertaining to $2,000,000,000 maximum aggregate initial offering price of (i) shares of preferred stock of the Company, par value $.01 per share ("Preferred Stock"); (ii) shares of Preferred Stock represented by Depositary Shares ("Depositary Shares"); (iii) Debt Securities of Mack-Cali Realty, L.P., a Delaware limited partnership, ("Debt Securities") and (iv) Guarantees that may be issued by the Company to accompany the Debt Securities ("GUARANTEES")

Ladies and Gentlemen:

In connection with the registration of shares of Preferred Stock, Depositary Shares, Debt Securities and Guarantees (collectively, the "Securities") under the Securities Act of 1933, as amended (the "Act"), by the Company on Form S-3, filed with the Securities and Exchange Commission (the "Commission") on or about June 17, 1998 (the "Registration Statement"), you have requested our opinion with respect to the matters set forth below. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Registration Statement.

We have acted as special Maryland corporate counsel to the Company in connection with the matters described herein. In our capacity as special Maryland corporate counsel to the Company, we have reviewed and are familiar with the charter of the Company (the "Charter"), consisting of the Articles of Incorporation filed with the State Department of Assessments and Taxation of Maryland (the "Department") on May 24, 1994, Articles of Amendment and Restatement filed with the Department on July 28, 1994, Articles of Amendment and Restatement filed with the Department on August 9, 1994, Articles of Amendment filed with the Department on May 31, 1996, Articles of Amendment filed with the Department on June 13, 1997, Articles of Amendment filed with the Department on December 11, 1997 and Articles of Amendment filed with the Department on May 22, 1998; the Bylaws of the Company duly adopted by the Board of Directors of the Company on August 9, 1994 (the "Bylaws") and certain resolutions adopted and actions taken by the Board of Directors of the Company (the "Board of Directors") on or before the date hereof and in full force and effect on the date hereof including, but not limited to, those certain resolutions adopted by the Board of Directors on March 25, 1998. We have also examined other documents, corporate and other records of the Company and certificates of public officials and officers of the Company including, without limitation, a status certificate of recent date issued by the Department to the effect that the Company is duly incorporated and existing under the laws of the State of Maryland, and a Certificate of Officer of the Company of recent date to the effect that, among other things, the Charter and Bylaws of the Company and the resolutions and actions by the Board of Directors which we have examined are true, correct and complete, have not been rescinded or modified and are in full force and effect on the date of such certificate. We have also made such further legal and factual examinations as we have deemed necessary or appropriate to provide a basis for the opinion set forth below.

In reaching the opinions set forth below, we have assumed the following: (a) each person executing any instrument, document or agreement on behalf of any party (other than the Company) is duly authorized to do so; (b)

each natural person executing any instrument, document or agreement is legally competent to do so; (c) all documents submitted to us as originals are authentic; all documents submitted to us as certified, facsimile or photostatic copies conform to the original document; all signatures on all documents submitted to us for examination are genuine and all public records reviewed are accurate and complete; (d) the resolutions adopted and to be adopted, and the actions taken and to be taken by the Board of Directors including, but not limited to, the adoption of all resolutions and the taking of all action necessary to authorize the issuance and sale of the Securities in accordance with the procedures set forth in paragraphs 1, 2 and 3 below, have occurred or will occur at duly called meetings at which a quorum of the incumbent directors of the Company were or are present and acting throughout, or by unanimous written consent of all incumbent directors, all in accordance with the Charter

and Bylaws of the Company and applicable law; (e) the number of shares of Preferred Stock to be offered and sold under the Registration Statement will not in the aggregate exceed the number of shares of Preferred Stock authorized in the Charter of the Company, less the number of shares of Preferred Stock authorized and reserved for issuance and issued and outstanding on the date on which the Securities are authorized and the date on which the Securities are issued and delivered; (f) none of the terms of any Security to be established subsequent to the date hereof, nor the issuance and delivery of such Security nor the compliance by the Company with the terms of such Security will violate any applicable law or will conflict with, or result in a breach or violation of, the Charter or Bylaws of the Company, or any instrument or agreement to which the Company is a party or by which the Company is bound or any order or decree of any court, administrative or governmental body having jurisdiction over the Company; and (g) none of the Securities will be issued in violation of the provisions of Article VI, Section 2 of the Charter.

Based on the foregoing, and subject to the assumptions and qualifications set forth herein, it is our opinion that:

1. Upon (a) designation by the Board of Directors of one or more classes of Preferred Stock to distinguish each such class from other then outstanding classes of Preferred Stock, (b) setting by the Board of Directors of the number of shares of Preferred Stock to be included in each such class, (c) establishment by the Board of Directors of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of each such class of Preferred Stock, (d) filing by the Company with the Department of Articles Supplementary setting forth a description of each such class of Preferred Stock, including the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption as set by the Board of Directors and a statement that the Preferred Stock has been classified by the Board of Directors under the authority contained in the Charter, and the acceptance for record by the Department of such Articles Supplementary and (e) due authorization by the Board of Directors of a designated number of shares of Preferred Stock for issuance at a minimum price or value of consideration to be set by the Board of Directors, all necessary corporate action on the part of the Company will have been taken to authorize the issuance and sale of such shares of Preferred Stock and when such shares of Preferred Stock are issued and delivered against payment of the consideration therefor as set by the Board of Directors, such shares of Preferred Stock will be validly issued, fully paid and non-assessable.

2. The Company has the corporate power to enter into deposit agreements and, upon completion of the procedures set forth in paragraph 1 for the issuance of shares of Preferred Stock, and approval of a deposit agreement and due authorization by the Board of Directors of the delivery of Depositary Shares pursuant to such deposit agreement, and compliance with the conditions established by the Board of Directors for the delivery of the Depositary Shares, such Depositary Shares may be delivered by or on behalf of the Company, and the Preferred Stock represented by the Depositary Shares will be validly issued, fully paid and non-assessable.

3. The Company has the corporate power to authorize the issuance of Guarantees and, upon due authorization of the issuance of Guarantees by the Board of Directors, and compliance with the conditions established by the Board of Directors for the issuance thereof, such Guarantees may be issued and delivered by the Company.

We consent to the filing of this opinion as an exhibit to the Registration Statement and further consent to the filing of this opinion as an exhibit to applications to the securities commissioners of the various states of the

United States for registration of the Securities. We also consent to the identification of our firm as Maryland counsel to the Company in the section of the Prospectus (which is a part of the Registration Statement) entitled "Legal Matters."

This opinion is limited to the present corporate laws of the State of Maryland and we express no opinion with respect to the laws of any other jurisdiction. Furthermore, the opinions presented in this letter are limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly set forth herein. Without limiting the generality of the foregoing, we express no opinion with respect to any securities laws.

The opinions set forth in this letter are rendered as of the date hereof and are necessarily limited to laws now in effect and facts and circumstances presently existing and brought to our attention. We assume no obligation to supplement this opinion if any applicable law is changed after the date hereof or if we become aware of any facts or circumstances which now exist or which occur or arise in the future and may change the opinions expressed herein after the date hereof.

The opinions expressed in this letter are for your use and the use of your securities counsel, Pryor Cashman Sherman & Flynn LLP in connection with the

filing of the Registration Statement and the rendering of opinions by Pryor Cashman Sherman & Flynn LLP in connection therewith, and may not be relied upon by you or Pryor Cashman Sherman & Flynn LLP for any other purpose, without our prior written consent.

Very truly yours,

/s/ Ballard Spahr Andrews & Ingersoll, LLP

Exhibit 5.2

[LETTERHEAD OF
PRYOR CASHMAN SHERMAN & FLYNN LLP]

June 17, 1998

Mack-Cali Realty Corporation
Mack-Cali Realty, L.P.
11 Commerce Drive
Cranford, New Jersey 07016

Ladies and Gentlemen:

We are acting as counsel to Mack-Cali Realty Corporation, a Maryland corporation (the "Company") and Mack-Cali Realty, L.P., a Delaware limited partnership (the "Operating Partnership") in connection with the Registration Statement on Form S-3 of up to $2,000,000,000 in maximum aggregate offering price of (i) shares or fractional shares of the Company's preferred stock, par value $.01 per share ("Preferred Stock"), (ii) shares of the Company's Preferred Stock represented by depositary shares ("Depositary Shares") and (iii) unsecured non-convertible debt securities of the Operating Partnership ("Debt Securities"). The Preferred Stock, Depositary Shares and Debt Securities are the subject of a Registration Statement (the "Registration Statement") filed by the Company and the Operating Partnership on Form S-3 under the Securities Act of 1933, as amended (the "Act").

In our capacity as your counsel in connection with this Registration Statement, we are familiar with the proceedings taken and proposed to be taken by the Operating Partnership in connection with the authorization and issuance of the Debt Securities and, for the purposes of this opinion, have assumed such proceedings will be timely completed in the manner presently proposed. In addition, we have made such legal and factual examinations and inquiries, including examination of originals or copies of originals, certified or otherwise identified to our satisfaction, of such documents, corporate records and instruments, as we have deemed necessary or appropriate for purposes of this opinion.

Based upon and subject to the foregoing, it is our opinion that:

1. The Operating Partnership is a limited partnership duly organized and validly existing under the laws of the state of Delaware.

2. Upon the adoption by the Board of Directors of the Company, as sole general partner of the Operating Partnership, of a resolution in form and content required under applicable law, the Operating Partnership shall have the authority to issue the Debt Securities to be registered under the Registration Statement and when (a) the applicable provisions of the Act and such state "blue sky" or securities laws as may be applicable have been complied with and (b) the Debt Securities have been issued and delivered for value as contemplated in the Registration Statement, such Debt Securities shall be legally issued and shall be binding obligations of the Operating Partnership.

To the extent that the obligations of the Operating Partnership as obligor under an indenture may be dependent upon such matters, we have assumed for purposes of this opinion that upon the Operating Partnership's selection of a trustee, from time to time as may be necessary, (i) such trustee shall be duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and shall be duly qualified to engage in the activities contemplated by the indenture, (ii) that upon the issuance of Debt Securities, if at all, such indenture shall be duly authorized, executed and delivered by and constitute the legal, valid and binding obligation of such trustee enforceable in accordance with its terms, (iii) that such trustee shall be in compliance, generally and with respect to acting as trustee under such indenture, with all applicable laws and regulations and (iv) that such trustee shall have the requisite organizational and legal power and authority to perform its obligations under such indenture.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to the reference to us under the heading "Legal Matters" in the Registration Statement, the Prospectus constituting a part thereof and any amendments thereto.

This opinion is rendered only to you and is solely for your benefit in connection with the transactions covered hereby. This opinion may not be relied

upon by you for any other purpose, or furnished to, quoted to, or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

/s/ Pryor Cashman Sherman & Flynn LLP

EXHIBIT 8.1

[LETTERHEAD OF
PRYOR CASHMAN SHERMAN & FLYNN LLP]

June 12, 1998

Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, NJ 07016

Re: CERTAIN FEDERAL INCOME TAX MATTERS

Ladies and Gentlemen:

We have acted as tax counsel to Mack-Cali Realty Corporation (the "Company") in connection with the Prospectus included as part of that certain Registration Statement on Form S-3 filed with the Securities and Exchange Commission and as amended through the date hereof (the "Registration Statement"). In connection therewith, you have requested our opinion with respect to the qualification of the Company as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code") and the accuracy of the discussion included in the Registration Statement under the heading "Certain United States Federal Income Tax Considerations to the Company of its REIT Election."

We hereby consent to the use of our opinions as an Exhibit to the Registration Statement and to any and all references to our firm in the Prospectus that is a part of the Registration Statement, which Prospectus will be delivered to prospective purchasers of securities of the Company, and we hereby consent to such use of our opinion. All defined terms used herein shall have the same meaning as used in the Registration Statement.

FACTS AND ASSUMPTIONS RELIED UPON

In rendering the opinions expressed herein, we have examined the Articles of Incorporation and Bylaws of the Company, and such other records, certificates and documents as we have deemed necessary or appropriate for purposes of rendering the opinions set forth herein.

In our examination of documents, we have assumed, with your consent, that all documents submitted to us are authentic originals, or if submitted as photocopies, that they faithfully reproduce the originals thereof, that all such documents have been or will be duly executed to the extent required, that all representations and statements set forth in such documents are true and correct, and that all obligations imposed by any such on the parties thereto have been or will be performed or satisfied in accordance with their terms. We have also assumed, without investigation, that all documents, certificates, warranties and covenants on which we have relied in rendering the opinions set forth below and that were given or dated earlier than the date of this letter continue to remain accurate, insofar as relevant to the opinions set forth herein, from such earlier date through and including the date of this letter.

We have reviewed the Registration Statement and the descriptions set forth therein of the Company and its investments and activities. We have relied upon the representations of the Company and its affiliates regarding the manner in which the Company has been and will continue to be owned and operated. We have also relied upon the representations of the accountants for the Company regarding the type and amount of income received by the Company during its taxable year ended December 31, 1997 and the character and amount of distributions made with

respect to its taxable year ended December 31, 1997, and the representations similarly made with respect to prior years of the Company. We note that for its taxable years ending December 31, 1995 and December 31, 1996, the Company elected to treat dividends declared in January 1996 and January 1997, respectively, as having been paid during its 1995 and 1996 taxable years pursuant to Section 858 of the Code. We have neither independently investigated nor verified such representations, and we assume that such representations are true, correct and complete and that all representations made "to the best of the knowledge and belief" of any person(s) or party(ies) are and will be true,

correct and complete as if made without such qualification. We assume that the Company has been and will be operated in accordance with applicable laws and the terms and conditions of applicable documents, and the descriptions of the Company and its investments, and the proposed investments, activities, operations and governance of the Company set forth in the Registration Statement continue to be true. In addition, we have relied on certain additional facts and assumptions described below.

The foregoing representations are all contained in letters to us dated as of the date hereof (the "Certificates"). No facts have come to our attention that are inconsistent with the facts and representations set forth in the Certificates.

OPINIONS

Based upon and subject to the foregoing, we are of the following opinions:

1. The Company has been organized in conformity with the requirements for qualification as a REIT under the Code commencing with its initial taxable year ended December 31, 1994, and for all subsequent taxable years to date, and its method of operation as described in the representations referred to above, will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code.

2. The discussion contained in that portion of the Registration Statement under the caption "Certain United States Federal Income Tax Considerations to the Company of its REIT Election" fairly summarizes the material federal income tax considerations relevant to the Company's status as a REIT.

The opinions expressed herein are based upon the Code, the Treasury Regulations promulgated thereunder, current administrative positions of the Internal Revenue Service, and existing judicial decisions, any of which could be changed at any time, possibly on a retroactive basis. Any such changes could adversely affect the opinions rendered herein and the tax consequences to the Company and investors in the Preferred Stock or Debt Securities. In addition, as noted above, our opinions are based solely on the documents that we have examined, the additional information that we have obtained, and the representations that are being made to us, and cannot be relied upon if any of the facts contained in such documents or in such additional information are, or later become, inaccurate or if any of the representations made to use are, or later become, inaccurate.

We express no opinion with respect to the Registration Statement other than those expressly set forth herein. Furthermore, the Company's qualification as a REIT will depend on the Company meeting, in its actual operations, the applicable asset composition, source of income, shareholder diversification, distribution, recordkeeping and other requirements of the Code necessary for a corporation to qualify as a REIT. We will not review these operations, and no assurance can be given that the actual operations of the Company and its affiliates will meet these requirements or the representations made to us with respect thereto.

Finally, our opinion is limited to the tax matters specifically covered hereby, and we have not been asked to address, nor have we addressed, any other tax consequences of an investment in the Preferred Stock or Debt Securities.

Very truly yours,

/s/ Pryor Cashman Sherman & Flynn LLP

EXHIBIT 12.1

MACK-CALI REALTY CORPORATION
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(DOLLAR AMOUNTS IN THOUSANDS)

<TABLE>
<CAPTION>

	Mack-Cali Realty Corporation			
	For the Three Mos. Ended 3/31/98	For the Yr. Ended 12/31/97	For the Yr. Ended 12/31/96	For the Yr. Ended 12/31/95
<S>	<C>	<C>	<C>	<C>
Income (Loss) before gain on sale of property, minority interest and extraordinary item (A)	$33,849	$36,367	$31,521	$17,146
Add:				
Interest expense	18,480	39,078	13,758	10,117
Interest portion (33 percent) of ground rents on land leases	44	29	-	-
Income before gain on sale of property, minority interest and extraordinary item, as adjusted (B)	$52,373	$75,474	$45,279	$27,263
Fixed Charges:				
Interest Expense	$18,480	$39,078	$13,758	$10,117
Interest portion (33 percent) of ground rents on land leases	44	29	-	-
Capitalized interest costs	201	820	118	27
Preferred Dividends	3,911	888	-	-
Beneficial conversion feature(C)	-	29,361	-	-
Total fixed charges	$22,636	$70,176	$13,876	$10,144
Ratio of earnings to fixed charges	2.31	1.08	3.26(D)	2.69
Deficiency of earnings to fixed charges(F)				

<CAPTION>

	Cali Group Combined		
	For the Period August 31, 1994 to December 31, 1994	For the Period January 1, 1994 to August 30, 1994	For the Year Ended 12/31/93
<S>	<C>	<C>	<C>
Income (Loss) before gain on sale of property, minority interest and extraordinary item (A)	$4,990	$ (110)	$(1,064)
Add:			
Interest expense	2,342	13,829	21,950
Interest portion (33 percent) of ground rents on land leases	-	194	326
Income before gain on sale of property, minority interest and extraordinary item, as adjusted (B)	$7,332	$13,913	$21,212
Fixed Charges:			
Interest Expense	$2,342	$13,829	$21,950
Interest portion (33 percent) of ground rents on land leases	-	194	326
Capitalized interest costs	-	-	-
Preferred Dividends	-	-	-
Beneficial conversion feature(C)	-	-	-

Total fixed charges	$2,342	$14,023	$22,276
Ratio of earnings to fixed charges	3.13	(E)	(E)
Deficiency of earnings to fixed charges(F)		$ (110)	$(1,064)

</TABLE>

- ---

(A) Represents pre-tax income (loss) before gain on sale of property, minority interest and extraordinary item.
(B) Represents earnings before fixed charges.
(C) In connection with the funding of the Mack Transaction, the Operating Partnership issued certain Preferred Units with a conversion rate of $34.65 per common unit, an amount less than the $39.0626 closing stock price on the date of closing. Accordingly, the Operating Partnership recorded, on December 11, 1997, the financial value ascribed to this beneficial conversion feature.
(D) Represents the ratio of earnings to fixed charges, excluding gain on sale of rental property of $5,658. The ratio of earnings to fixed charges, including gain on sale of rental property, was 3.67.
(E) The ratio of earnings to fixed charges was less than 1.00 reflecting the fact that earnings for the period were not adequate to cover fixed charges.
(F) Represents the amounts by which earnings for the period were not adequate to cover fixed charges.

MACK-CALI REALTY, L.P.
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(DOLLAR AMOUNTS IN THOUSANDS)

<TABLE>
<CAPTION>

	Mack-Cali Realty Corporation			
	For the Three Mos. Ended 3/31/98	For the Yr. Ended 12/31/97	For the Yr. Ended 12/31/96	For the Yr. Ended 12/31/95
<S>	<C>	<C>	<C>	<C>
Income (Loss) before gain on sale of property and extraordinary item (A)	$33,849	$36,367	$31,521	$17,146
Add:				
Interest expense	18,480	39,078	13,758	10,117
Interest portion (33 percent) of ground rents on land leases	44	29	-	-
Income before gain on sale of property and extraordinary item, as adjusted (B)	$52,373	$75,474	$45,279	$27,263
Fixed Charges:				
Interest Expense	$18,480	$39,078	$13,758	$10,117
Interest portion (33 percent) of ground rents on land leases	44	29	-	-
Capitalized interest costs	201	820	118	27
Total fixed charges	$18,725	$39,927	$13,876	$10,144
Ratio of earnings to fixed charges	2.80	1.89	3.26(C)	2.69
Deficiency of earnings to fixed charges(E)				

<CAPTION>

	Cali Group Combined		
	For the Period August 31, 1994 to December 31, 1994	For the Period January 1, 1994 to August 30, 1994	For the Year Ended 12/31/93

<S>	<C>	<C>	<C>
Income (Loss) before gain on sale of property and extraordinary item (A)	$4,990	$ (110)	$(1,064)
Add:			
Interest expense	2,342	13,829	21,950
Interest portion (33 percent) of ground rents on land leases	-	194	326
Income before gain on sale of property and extraordinary item, as adjusted (B)	$7,332	$13,913	$21,212
Fixed Charges:			
Interest Expense	$2,342	$13,829	$21,950
Interest portion (33 percent) of ground rents on land leases	-	194	326
Capitalized interest costs	-	-	-
Total fixed charges	$2,342	$14,023	$22,276
Ratio of earnings to fixed charges	3.13	(D)	(D)
Deficiency of earnings to fixed charges(E)		(110)	$(1,064)

</TABLE>

- ---

(A) Represents pre-tax income (loss) before gain on sale of property and extraordinary item.
(B) Represents earnings before fixed charges.
(C) Represents the ratio of earnings to fixed charges, excluding gain on sale of rental property of $5,658. The ratio of earnings to fixed charges, including gain on sale of rental property, was 3.67.
(D) The ratio of earnings to fixed charges was less than 1.00 reflecting the fact that earnings for the period were not adequate to cover fixed charges.
(E) Represents the amounts by which earnings for the period were not adequate to cover fixed charges.

MACK-CALI REALTY, L.P.
COMPUTATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED UNIT DISTRIBUTION REQUIREMENT
(DOLLAR AMOUNTS IN THOUSANDS)

<TABLE>
<CAPTION>

	Mack-Cali Realty, L.P.			
	For the Three Mos. Ended 3/31/98	For the Yr. Ended 12/31/97	For the Yr. Ended 12/31/96	For the Yr. Ended 12/31/95
<S>	<C>	<C>	<C>	<C>
Income (Loss) before gain on sale of property and extraordinary item (A)	$33,849	$36,367	$31,521	$17,146
Add:				
Interest expense	18,480	39,078	13,758	10,117
Interest portion (33 percent) of ground rents on land leases	44	29	-	-
Income before gain on sale of				

property and extraordinary item, as adjusted (B)	$52,373	$75,474	$45,279	$27,263
Fixed Charges:				
Interest Expense	$18,480	$39,078	$13,758	$10,117
Interest portion (33 percent) of ground rents on land leases	44	29	-	-
Capitalized interest costs	201	820	118	27
Total fixed charges	$18,725	$39,927	$13,876	$10,144
Preferred unit distribution requirement	$3,911	$888	-	-
Beneficial conversion feature(C)	-	29,361	-	-
Ratio of pre-tax income to net income	1.00	1.00	-	-
Preferred unit distribution factor	3,911	30,249	-	-
Total fixed charges	18,725	39,927	$13,876	$10,144
Total fixed charges and preferred unit distribution requirement	$22,636	$70,176	$13,876	$10,144
Ratio of earnings to combined fixed charges and preferred unit distribution requirement	2.31	1.08	3.26(D)	2.69
Deficiency of earnings to fixed charges(F)				

<CAPTION>

	Cali Group Combined		
	For the Period August 31, 1994 to December 31, 1994	For the Period January 1, 1994 to August 30, 1994	For the Year Ended 12/31/93
<S>	<C>	<C>	<C>
Income (Loss) before gain on sale of property and extraordinary item (A)	$4,990	$ (110)	$(1,064)
Add: Interest expense	2,342	13,829	21,950
Interest portion (33 percent) of ground rents on land leases	-	194	326
Income before gain on sale of property and extraordinary item, as adjusted (B)	$7,332	$13,913	$21,212
Fixed Charges: Interest Expense	$2,342	$13,829	$21,950
Interest portion (33 percent) of ground rents on land leases	-	194	326
Capitalized interest costs	-	-	-
Total fixed charges	$2,342	$14,023	$22,276
Preferred unit distribution requirement	-	-	-
Beneficial conversion feature(C)	-	-	-
Ratio of pre-tax income to net income	-	-	-
Preferred unit distribution factor	-	-	-
Total fixed charges	$2,342	$14,023	$22,276
Total fixed charges and preferred unit distribution			

requirement	$2,342	$14,023	$22,276
Ratio of earnings to combined fixed charges and preferred unit distribution requirement	3.13	(E)	(E)
Deficiency of earnings to fixed charges(F)		$ (110)	$(1,064)

</TABLE>

- ---

(A) Represents pre-tax income (loss) before gain on sale of property and extraordinary item.

(B) Represents earnings before fixed charges.

(C) In connection with the funding of the Mack Transaction, the Operating Partnership issued certain Preferred Units with a conversion rate of $34.65 per common unit, an amount less than the $39.0626 closing stock price on the date of closing. Accordingly, the Operating Partnership recorded, on December 11, 1997, the financial value ascribed to this beneficial conversion feature.

(D) Represents the ratio of earnings to fixed charges, excluding gain on sale of rental property of $5,658. The ratio of earnings to fixed charges, including gain on sale of rental property, was 3.67.

(E) The ratio of earnings to fixed charges was less than 1.00 reflecting the fact that earnings for the period were not adequate to cover fixed charges.

(F) Represents the amounts by which earnings for the period were not adequate to cover fixed charges.

EXHIBIT 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of this Registration Statement on Form S-3 of our report dated February 26, 1998, appearing in Mack-Cali Realty Corporation's Annual Report on Form 10-K for the year ended December 31, 1997. We also consent to the incorporation by reference in this Registration Statement of our report dated September 15, 1997, except as to Note 12, which is as of October 30, 1997, relating to the combined financial statements of The Mack Group, for each of the three years in the period ended December 31, 1996, included in Cali Realty Corporation's Proxy Statement filed on November 10, 1997. We also consent to the incorporation by reference of our reports dated April 2, 1998 and April 16, 1998, which appear on pages 45 and 39, respectively, of the Current Report on Form 8-K dated June 12, 1998. We also consent to the use in the Prospectus constituting part of this Registration Statement on Form S-3 of our report dated February 26, 1998, relating to the financial statements of Mack-Cali Realty, L.P., which appears in such Prospectus. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ PRICE WATERHOUSE LLP
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Price Waterhouse LLP

New York, New York
June 16, 1998

EXHIBIT 23.4

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated May 20, 1997 on our audited Statement of Revenue and Certain Expenses for Westlakes Offices Park of our report dated August 8, 1997 on our audited Statement of Revenue and Certain Expenses for First Shelton Place, and of our report dated September 3, 1997 on our audited Statement of Revenue and Certain Expenses for Three Independence Way, appearing in Mack-Cali Realty Corporation's current report on Form 8-K dated September 18, 1997.

We also consent to incorporation by reference in this Registration Statement of our report dated October 19, 1997 on our audit of the Statement of Revenue and Certain Expenses for the McGarvey Portfolio, of our report dated October 15, 1997 on our audit of the Statement of Revenue and Certain Expenses for Princeton Overlook, of our report dated November 18, 1997 on our audit of the Statement of Revenue and Certain Expenses for The Trooper Building, and of our report dated December 22, 1997 on our audit of the Statement of Revenue and Certain Expenses for 500 West Putnam, appearing in Mack-Cali Realty Corporation's current report on Form 8-K dated January 16, 1998.

We also consent to incorporation by reference in this Registration Statement of our report dated April 6, 1998 on our audit of the Statement of Revenue and Certain Expenses for the McGarvey Portfolio, of our report dated March 29, 1998 on our audit of the Statement of Revenue and Certain Expenses for 500 West Putnam, of our report dated March 27, 1998 on our audit of the Statement of Revenue and Certain Expenses for Mountainview, of our report dated March 30, 1998 on our audit of the Statement of Revenue and Certain Expenses for Cielo Center, of our report dated April 8, 1998 on our audit of the Statement of Revenue and Certain Expenses for the Pacifica Portfolio, of our report dated May 29, 1998 on our audit of the Statement of Revenue and Certain Expenses for 500 College Road, of our report dated May 29, 1998 on our audit of the Statement of Revenue and Certain Expenses for the D.C. Portfolio, of our report dated May 30, 1998 on our audit of the Statement of Revenue and Certain Expenses for 400 South Colorado, and of our report dated June 4, 1998 on our audit of the Statement of Revenue and Certain Expenses for 3600 S. Yosemite, appearing in Mack-Cali Realty Corporation's current report on Form 8-K dated June 12, 1998.

We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Schonbraun Safris McCann Bekritsky & Co., L.L.C.
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Schonbraun Safris McCann Bekritsky & Co., L.L.C.
Roseland, New Jersey
June 17, 1998

EXHIBIT 23.5

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement on Form S-3 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. for the registration of $2,000,000,000 of Preferred Stock, Depositary Shares and Debt Securities and to the incorporation by reference therein of our report dated March 19, 1997, except for Note 9, for which the date is October 2, 1997, with respect to the Combined Financial Statements of the Patriot American Office Group included in the Proxy Statement of Cali Realty Corporation dated November 10, 1997, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP
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ERNST & YOUNG LLP

Dallas, Texas
June 15, 1998