MACK CALI REALTY CORP
Form 10-K/A
February 14, 2011

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

FORM 10-K/A
(Amendment No. 1)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

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

Commission File Number: 1-13274

MACK-CALI REALTY CORPORATION
(Exact Name of Registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	22-3305147 (IRS Employer Identification No.)
343 Thornall Street, Edison, New Jersey (Address of principal executive offices)	08837-2206 (Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)	(Name of Each Exchange on Which Registered)
Common Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ___ No X

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [X]

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

Large accelerated filer x Accelerated filer ¨

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

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

As of June 30, 2010, the aggregate market value of the voting stock held by non-affiliates of the registrant was $2,326,690,700. The aggregate market value was computed with reference to the closing price on the New York Stock Exchange on such date. This calculation does not reflect a determination that persons are affiliates for any other purpose. The registrant has no non-voting common stock.

As of February 8, 2011, 79,641,054 shares of common stock, $0.01 par value, of the Company ("Common Stock") were outstanding.

LOCATION OF EXHIBIT INDEX: The index of exhibits is contained herein on page number 56.

DOCUMENTS INCORPORATED BY REFERENCE: None.

EXPLANATORY NOTE

We are filing this Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (the “10-K”) to correct the signature line of the report of PricewaterhouseCoopers LLP set forth on page 66 of the 10-K (the “Report”). The Report had been signed by PricewaterhouseCoopers LLP, but the conformed signature line was inadvertently omitted from the Report when the 10-K was filed.

This Amendment No. 1 to the 10-K amends Part II, Item 8 of the 10-K with respect to the financial statements listed in Part IV, Item 15(a)(1) and Item 15(a)(2)(i) of the 10-K to file the Report with the conformed signature of PricewaterhouseCoopers LLP together with our financial statements previously filed with the 10-K. Other than adding the conformed signature line to the Report, we have made no other changes to Item 8 with respect to the financial statements listed in Item 15(a)(1) and Item 15(a)(2)(i).

Except as described above, this Amendment No. 1 to the 10-K does not amend any other information set forth in the 10-K, and we have not updated disclosures contained therein to reflect any events that may have occurred at a date subsequent to the date of the 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To Board of Directors and Shareholders
of Mack-Cali Realty Corporation:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Mack-Cali Realty Corporation and its subsidiaries (collectively, the "Company") at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2)(i) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Controls Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 9, 2011

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

	December 31,	
ASSETS	2010	2009
Rental property		
Land and leasehold interests	$771,960	$771,794
Buildings and improvements	3,970,177	3,948,509
Tenant improvements	470,098	456,547
Furniture, fixtures and equipment	4,485	9,358
	5,216,720	5,186,208
Less – accumulated depreciation and amortization	(1,278,985)	(1,153,223)
Net investment in rental property	3,937,735	4,032,985
Cash and cash equivalents	21,851	291,059
Investments in unconsolidated joint ventures	34,220	35,680
Unbilled rents receivable, net	126,917	119,469
Deferred charges and other assets, net	212,038	213,674
Restricted cash	17,310	20,681
Accounts receivable, net of allowance for doubtful accounts of $2,790 and $2,036	12,395	8,089
Total assets	$4,362,466	$4,721,637
LIABILITIES AND EQUITY		
Senior unsecured notes	$1,118,451	$1,582,434
Revolving credit facility	228,000	--
Mortgages, loans payable and other obligations	743,043	755,003
Dividends and distributions payable	42,176	42,109
Accounts payable, accrued expenses and other liabilities	101,944	106,878
Rents received in advance and security deposits	57,877	54,693
Accrued interest payable	27,038	37,330
Total liabilities	2,318,529	2,578,447
Commitments and contingencies		
Equity:		
Mack-Cali Realty Corporation stockholders' equity:		
Preferred stock, $0.01 par value, 5,000,000 shares authorized, 10,000 and 10,000 shares outstanding, at liquidation preference	25,000	25,000
Common stock, $0.01 par value, 190,000,000 shares authorized, 79,605,474 and 78,969,752 shares outstanding	796	789
Additional paid-in capital	2,292,641	2,275,716
Dividends in excess of net earnings	(560,165)	(470,047)
Total Mack-Cali Realty Corporation stockholders' equity	1,758,272	1,831,458
Noncontrolling interests in subsidiaries:		
Operating Partnership	283,219	308,703
Consolidated joint ventures	2,446	3,029
Total noncontrolling interests in subsidiaries	285,665	311,732

Total equity	2,043,937	2,143,190
Total liabilities and equity	$4,362,466	$4,721,637

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

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

	Year Ended December 31,		
REVENUES	2010	2009	2008
Base rents	$602,357	$611,061	$589,626
Escalations and recoveries from tenants	101,699	103,057	108,812
Construction services	62,997	21,910	40,680
Real estate services	7,874	9,359	13,487
Other income	12,553	13,538	20,175
Total revenues	787,480	758,925	772,780
EXPENSES			
Real estate taxes	93,535	93,322	87,220
Utilities	74,077	70,927	83,634
Operating services	114,452	110,169	106,288
Direct construction costs	60,255	20,323	37,649
General and administrative	35,003	39,779	43,861
Depreciation and amortization	191,168	200,732	192,957
Impairment charge on rental property	9,521	--	--
Total expenses	578,011	535,252	551,609
Operating income	209,469	223,673	221,171
OTHER (EXPENSE) INCOME			
Interest expense	(149,329)	(140,068)	(126,937)
Interest and other investment income	86	570	1,374
Equity in earnings (loss) of unconsolidated joint ventures	2,276	(5,560)	(39,752)
Loss from early extinguishment of debt	(3,752)	--	--
Gain on reduction of other obligations	--	1,693	9,063
Gain on sale of investment in marketable securities	--	--	471
Total other (expense) income	(150,719)	(143,365)	(155,781)
Income from continuing operations	58,750	80,308	65,390
Discontinued operations:			
Income (loss) from discontinued operations	242	(17)	(511)
Impairment charge on rental property	--	(16,563)	--
Realized gains (losses) and unrealized losses on disposition of rental property, net	4,447	--	--
Total discontinued operations, net	4,689	(16,580)	(511)
Net income	63,439	63,728	64,879
Noncontrolling interest in consolidated joint ventures	262	943	664
Noncontrolling interest in Operating Partnership	(8,133)	(12,550)	(11,911)
Noncontrolling interest in discontinued operations	(668)	2,447	94
Preferred stock dividends	(2,000)	(2,000)	(2,000)
Net income available to common shareholders	$52,900	$52,568	$51,726
Basic earnings per common share:			
Income from continuing operations	$0.62	$0.90	$0.79
Discontinued operations	0.05	(0.19)	--
Net income available to common shareholders	$0.67	$0.71	$0.79

Diluted earnings per common share:			
Income from continuing operations	$0.62	$0.90	$0.79
Discontinued operations	0.05	(0.19)	--
Net income available to common shareholders	$0.67	$0.71	$0.79
Basic weighted average shares outstanding	79,224	74,318	65,489
Diluted weighted average shares outstanding	92,477	88,389	80,648

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

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

	Preferred Stock		Common Stock		Additional	Dividends in	Accumulated Other	Noncontrolling		
	Shares	Amount	Shares	Par Value	Paid-In Capital	Excess of Net Earnings	Comprehensive Income (Loss)	Interests in Subsidiaries	Total Equity	Comprehensive Income
Balance at January 1, 2008	10	$25,000	65,558	$656	$1,886,467	$(269,521)	$(47)	$457,850	$2,100,405	--
Net income	--	--	--	--	--	53,726	--	11,153	64,879	64,879
Preferred stock dividends	--	--	--	--	--	(2,000)	--		(2,000)	--
Common stock dividends	--	--	--	--	--	(168,792)	--	--	(168,792)	--
Common unit distributions	--	--	--	--	--	--	--	(37,891)	(37,891)	--
Increase in noncontrolling interests	--	--	--	--	--	--	--	36	36	--
Redemption of common units for common stock	--	--	547	5	16,243	--	--	(16,248)	--	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	10	--	319	--	--	--	319	--
Stock options exercised	--	--	82	--	2,311	--	--	--	2,311	--
Comprehensive Gain:										
Unrealized holding gain on marketable securities available for sale	--	--	--	--	--	--	518	--	518	518
Stock Compensation	--	--	373	5	5,242	--	--		5,247	--
Repurchase of common stock	--	--	(151)	(2)	(5,196)	--	--		(5,198)	--
Reclassification adjustment										

for realized gain included in net income	--	--	--	--	--	--	(471)	--	(471)	(471)
Balance at December 31, 2008	10	$25,000	66,419	$664	$1,905,386	$(386,587)	--	$414,900	$1,959,363	$ 64,926
Net income	--	--	--	--	--	54,568	--	9,160	63,728	63,728
Preferred stock dividends	--	--	--	--	--	(2,000)	--	--	(2,000)	--
Common stock dividends	--	--	--	--	--	(136,028)	--	--	(136,028)	--
Common unit distributions	--	--	--	--	--	--	--	(25,100)	(25,100)	--
Common stock offering	--	--	11,500	115	274,711	--	--	--	274,826	--
Increase in noncontrolling interests	--	--	--	--	--	--	--	3,186	3,186	--
Redemption of common units for common stock	--	--	943	9	24,109	--	--	(24,118)	--	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	9	--	207	--	--	--	207	--
Stock options exercised	--	--	19	--	504	--	--	--	504	--
Stock Compensation	--	--	80	1	4,503	--	--	--	4,504	--
Rebalancing of ownership Percent between parent and subsidiaries	--	--	--	--	66,296	--	--	(66,296)	--	
Balance at December 31, 2009	10	$25,000	78,970	$ 789	$2,275,716	$(470,047)	--	$311,732	$2,143,190	$ 63,728
Net income	--	--	--	--	--	54,900	--	8,539	63,439	63,439
Preferred stock dividends	--	--	--	--	--	(2,000)	--	--	(2,000)	--
Common stock dividends	--	--	--	--	--	(143,018)	--	--	(143,018)	--
Common unit distributions	--	--	--	--	--	--	--	(23,543)	(23,543)	--
Decrease in noncontrolling interests	--	--	--	--	--	--	--	(321)	(321)	--

Redemption of common units for common stock	--	--	487	5	11,047	--	--	(11,052)	--	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	5	--	158	--	--	--	158	--
Stock options exercised	--	--	55	1	1,503	--	--	--	1,504	--
Stock Compensation	--	--	88	1	4,527	--	--	--	4,528	--
Rebalancing of ownership Percent between parent and subsidiaries	--	--	--	--	(310)	--	--	310	--	--
Balance at December 31, 2010	10	$25,000	79,605	$ 796	$2,292,641	$(560,165)	--	$285,665	$2,043,937	$63,439

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

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

	Year Ended December 31,		
CASH FLOWS FROM OPERATING ACTIVITIES	2010	2009	2008
Net income	$63,439	$63,728	$64,879
Adjustments to reconcile net income to net cash provided by Operating activities:			
Depreciation and amortization, including related intangible assets	190,260	194,786	187,051
Depreciation and amortization on discontinued operations	409	1,811	1,678
Amortization of stock compensation	4,528	2,272	2,951
Amortization of deferred financing costs and debt discount	2,656	2,730	2,873
Equity in (earnings) loss of unconsolidated joint venture, net	(2,276)	5,560	39,752
Gain on sale of investment in marketable securities	--	--	(471)
Gain on reduction of other obligations	--	(1,693)	(9,063)
(Realized gains) unrealized losses on disposition of rental property	(4,447)	--	--
Impairment charge on rental property	9,521	--	--
Impairment charge on rental property from discontinued operations	--	16,563	--
Distributions of cumulative earnings from unconsolidated joint ventures	2,311	2,637	5,784
Changes in operating assets and liabilities:			
Increase in unbilled rents receivable, net	(7,458)	(6,859)	(4,636)
(Increase) decrease in deferred charges and other assets, net	(24,069)	403	(20,324)
(Increase) decrease in accounts receivable, net	(4,306)	14,880	13,266
Decrease in accounts payable, accrued expenses and other liabilities	(424)	(4,267)	(8,950)
Increase (decrease) in rents received in advance and security deposits	3,184	(1,570)	2,414
(Decrease) increase in accrued interest payable	(10,292)	3,705	(1,215)
Net cash provided by operating activities	$223,036	$294,686	$275,989
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to rental property and related intangibles	$(92,499)	$(77,767)	$(91,734)
Repayment of notes receivable	--	11,441	166
Investment in unconsolidated joint ventures	(954)	(6,327)	(7,779)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	2,410	518	4,565
Proceeds from the sale of available for sale securities	--	--	5,355
Decrease (increase) in restricted cash	2,018	(7,962)	894
Net cash used in investing activities	$(89,025)	$(80,097)	$(88,533)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings from revolving credit facility	$250,000	$337,000	$1,137,100
Repayment of revolving credit facility and money market loans	(22,000)	(498,000)	(1,226,100)
Proceeds from senior unsecured notes	--	246,238	--
Repayments of senior unsecured notes	(465,000)	(199,724)	(100,276)
Proceeds from mortgages and loans payable	11,000	81,500	240,000
Repurchase of common stock	--	--	(5,198)
Repayment of mortgages, loans payable and other obligations	(8,154)	(11,462)	(28,903)
Payment of financing costs	(2,074)	(2,766)	(952)

Proceeds from offering of common stock	--	274,826	--
Proceeds from stock options exercised	1,504	504	2,311
Payment of dividends and distributions	(168,495)	(173,267)	(208,533)
Net cash (used in) provided by financing activities	$(403,219)	$54,849	$(190,551)
Net (decrease) increase in cash and cash equivalents	$(269,208)	$269,438	$(3,095)
Cash and cash equivalents, beginning of period	291,059	21,621	24,716
Cash and cash equivalents, end of period	$21,851	$291,059	$21,621

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

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

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively, the "Company"), is a fully-integrated, self-administered, self-managed real estate investment trust ("REIT") providing leasing, management, acquisition, development, construction and tenant-related services for its properties and third parties. As of December 31, 2010, the Company owned or had interests in 277 properties plus developable land (collectively, the "Properties"). The Properties aggregate approximately 32.2 million square feet, which are comprised of 265 buildings, primarily office and office/flex buildings totaling approximately 31.8 million square feet (which include eight buildings, primarily office buildings aggregating approximately 1.2 million square feet owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two retail properties totaling approximately 17,300 square feet, one hotel (which is owned by an unconsolidated joint venture in which the Company has an investment interest) and three parcels of land leased to others. The Properties are located in five states, primarily in the Northeast, plus the District of Columbia.

BASIS OF PRESENTATION

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

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company evaluated subsequent events through February 8, 2011, the date these financial statements were available to be issued. Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

On July 1, 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, also known as FASB Accounting Standards Codification ("ASC") 105-10, General Accepted Accounting Principles, ("ASC 105-10"). ASC 105-10 establishes the FASB Accounting Standards Codification ("Codification") as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other nongrandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative. Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification. GAAP was not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. The Company has implemented the Codification in this annual report by providing references to the Codification topics, as appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES

Rental Property Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Pursuant to the Company's adoption of ASC 805, Business Combinations, effective January 1, 2009, acquisition-related costs are expensed as incurred. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Included in total rental property is construction, tenant improvement and development in-progress of $65,990,000 and $107,226,000 as of December 31, 2010 and 2009, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

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

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

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

Above-market and below-market lease values for acquired properties are initially recorded based on the present value, (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates

for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases.

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

On a periodic basis, management assesses whether there are any indicators that the value of the Company's rental properties held for use may be impaired. In addition to identifying any specific circumstances which may affect a property or properties, management considers other criteria for determining which properties may require assessment for potential impairment. The criteria considered by management include reviewing low leased percentages, significant near-term lease expirations, recently acquired properties, current and historical operating and/or cash flow losses, near-term mortgage debt maturities or other factors that might impact the Company's intent and ability to hold the property. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Company's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions. These assumptions are generally based on management's experience in its local real estate markets and the effects of current market conditions. The assumptions are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved, and actual losses or impairment may be realized in the future.

Rental Property Held for Sale and Discontinued Operations

When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the estimated net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or disposed of are presented in discontinued operations for all periods presented. See Note 7: Discontinued Operations.

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

Investments in Unconsolidated Joint Ventures

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting. The Company applies the equity method by initially recording these investments at cost, as Investments in Unconsolidated Joint Ventures, subsequently adjusted for equity in earnings and cash contributions and distributions.

ASC 810, Consolidation, provides guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and the determination of which business enterprise, if any, should consolidate the VIE (the "primary beneficiary"). Generally, the consideration of whether an entity is a VIE applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (2) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest.

On January 1, 2010, the Company adopted the updated provisions of ASC 810, pursuant to FASB No. 167, which amends FIN 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. Additionally, FASB No. 167 amends FIN 46(R) to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. FASB No. 167 amends certain guidance in Interpretation 46(R) for determining whether an entity is a variable interest entity. Also, FASB No. 167 amends FIN 46(R) to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a variable interest entity. The adoption of this guidance did not have a material impact to these financial statements. See Note 4: Investments in Unconsolidated Joint Ventures for disclosures regarding the Company's unconsolidated joint ventures.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the value of the investment. The Company's estimates of value for each investment (particularly in commercial real estate joint ventures) are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and operating costs. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the values estimated by management in its impairment analyses may not be realized, and actual losses or impairment may be realized in the future. See Note 4: Investments in Unconsolidated Joint Ventures.

Cash and Cash Equivalents

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

Marketable Securities

The Company classifies its marketable securities among three categories: held-to-maturity, trading and available-for-sale. Unrealized holding gains and losses relating to available-for-sale securities are excluded

from earnings and reported as other comprehensive income (loss) in equity until realized. A decline in the market value of any held-to-maturity marketable security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. Any impairment would be charged to earnings and a new cost basis for the security established.

The fair value of the marketable securities is determined using level I inputs under ASC 820, Fair Value Measurements and Disclosures. Level I inputs represent quoted prices available in an active market for identical investments as of the reporting date.

The Company received approximately $65,000 in dividend income from its holdings in marketable securities during the year ended December 31, 2008. During the year ended December 31, 2008, the Company disposed of its marketable securities for aggregate net proceeds of $5.4 million and realized a gain of $471,000.

Deferred Financing Costs

Costs incurred in obtaining financing are capitalized and amortized over the term of the related indebtedness. Amortization of such costs is included in interest expense and was $2,656,000, $2,730,000 and $2,873,000 for the years ended December 31, 2010, 2009 and 2008, respectively.

Deferred Leasing Costs

Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Company are compensated for providing leasing services to the Properties. The portion of such compensation, which is capitalized and amortized, approximated $3,986,000, $3,725,000 and $3,690,000 for the years ended December 31, 2010, 2009 and 2008, respectively.

Derivative Instruments

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

Revenue Recognition

Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining terms of the lease for above-market leases and the remaining initial terms plus the terms of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases. Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 14: Tenant Leases. Construction services revenue includes fees earned and reimbursements received by the Company for providing

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

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

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

Pursuant to the amended provisions related to uncertain tax provisions of ASC 740, Income Taxes, the Company recognized no material adjustments regarding its tax accounting treatment. The Company expects to recognize interest and penalties related to uncertain tax positions, if any, as income tax expense, which is included in general and administrative expense.

In the normal course of business, the Company or one of its subsidiaries is subject to examination by federal, state and local jurisdictions in which it operates, where applicable. As of December 31, 2010, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are generally from the year 2006 forward.

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

Dividends and Distributions Payable The dividends and distributions payable at December 31, 2010 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (79,605,542 shares), and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (13,007,668 common units) for all such holders of record as of January 5, 2011 with respect to the fourth quarter 2010. The fourth quarter 2010 preferred stock dividends of $50.00 per share, common stock dividends and common unit distributions of $0.45 per common share and unit were approved by the Board of Directors on December 7, 2010. The common stock dividends, common unit distributions and preferred stock dividends payable were paid on January 14, 2011.

The dividends and distributions payable at December 31, 2009 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (78,969,858 shares), and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (13,495,036 common units) for all such holders of record as of January 6, 2010 with respect to the fourth quarter 2009. The fourth quarter 2009 preferred stock dividends of $50.00 per share, common stock dividends and common unit distributions of $0.45 per common share and unit were approved by the Board of Directors on December 8, 2009. The common stock dividends, common unit distributions and preferred stock dividends payable were paid on January 15, 2010.

The Company has determined that the $1.80 dividend per common share paid during the year ended December 31, 2010 represented approximately 75 percent ordinary income and approximately 25 percent return of capital to its stockholders; the $1.99 dividend per common share paid during the year ended December 31, 2009 represented approximately 93 percent ordinary income and approximately 7 percent return of capital to its stockholders; and the $2.56 dividend per common share paid during the year ended December 31, 2008 represented approximately 81 percent ordinary income, approximately 18 percent return of capital and approximately one percent capital gain to its stockholders.

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

Stock Compensation The Company accounts for stock options and restricted stock awards granted prior to 2002 using the intrinsic value method prescribed in the previously existing accounting guidance on accounting for stock issued to employees. Under this guidance, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted closing market price of the Company's stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized under the Company's stock option plans for the granting of stock options made prior to 2002. Restricted stock awards granted prior to 2002 are valued at the vesting dates of such awards with compensation cost for such awards recognized ratably over the vesting period.

In 2002, the Company adopted the provisions of ASC 718, Compensation-Stock Compensation. In 2006, the Company adopted the amended guidance, which did not have a material effect on the Company's financial position

and results of operations. These provisions require that the estimated fair value of restricted stock ("Restricted Stock Awards") and stock options at the grant date be amortized ratably into expense over the appropriate vesting period. The Company recorded restricted stock expense of $4,121,000, $4,097,000 and $4,870,000 for the years ended December 31, 2010, 2009 and 2008, respectively.

Other Comprehensive Income

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

3. REAL ESTATE TRANSACTIONS

On December 17, 2010, the Company repaid a $26.8 million mortgage loan which encumbered One Grande Commons, a 198,376 square foot unconsolidated joint venture office property located in Bridgewater, New Jersey. Concurrent with the repayment, the Company placed an $11 million mortgage financing on the property obtained from a bank. As a result of the repayment of the existing mortgage loan, the Company obtained a controlling interest and is consolidating the office property. The new mortgage loan bears interest at a rate of LIBOR plus 200 basis points and matures on December 31, 2011, with three one-year extension options, subject to certain conditions and payment of a fee.

The Company's office property located at 105 Challenger Road in Ridgefield Park, New Jersey, aggregating 150,050 square feet, was collateral for a $19.5 million mortgage loan scheduled to mature on June 6, 2010. The Company had recorded an impairment charge on the property of $16.6 million at December 31, 2009. On June 1, 2010, the Company transferred the deed for 105 Challenger to the lender in satisfaction of its obligations. As a result, the Company recorded a gain on the disposal of the office property of approximately $4.4 million. See Note 7: Discontinued Operations.

The Company's office property located at 2200 Renaissance Boulevard in King of Prussia, Pennsylvania, aggregating 174,124 square feet, is collateral for a mortgage loan scheduled to mature on December 1, 2012 with a balance of $16.2 million at December 31, 2010. As of December 31, 2010, the Company estimated that the carrying value of the property may not be recoverable over its anticipated holding period. In order to reduce the carrying value of the property to its estimated fair market value of approximately $13.4 million, the Company recorded an impairment charge of approximately $9.5 million at December 31, 2010. The estimated fair value was estimated on a Level 3 basis (as provided by ASC 820, Fair Value Measurements and Disclosures) based on discounting the aggregate future cash flows of the property including reversion at a specific yield. The discounted cash flow model incorporates expected timing and level of cash flows and key inputs and assumptions including rental income and expense amounts, related rental income and expense growth rates, the discount rate and capitalization rate.

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

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

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

Plaza VIII and IX Associates, L.L.C. is a joint venture between the Company and Columbia Development Company, L.L.C. ("Columbia"), which owns land for future development, located on the Hudson River waterfront in Jersey City, New Jersey, adjacent to the Company's Harborside Financial Center office complex. The Company and Columbia each hold a 50 percent interest in the venture. The venture owns undeveloped land currently used as a parking facility.

SOUTH PIER AT HARBORSIDE – HOTEL
The Company has a joint venture with Hyatt Corporation (“Hyatt”) which owns a 350-room hotel on the South Pier at Harborside Financial Center, Jersey City, New Jersey. The Company owns a 50 percent interest in the venture.

The venture has a mortgage loan with a balance as of December 31, 2010 of $66.0 million collateralized by the hotel property. The loan carries an interest rate of 6.15 percent and matures in November 2016. The venture has a loan with a balance as of December 31, 2010 of $5.9 million with the City of Jersey City, provided by the U.S. Department of Housing and Urban Development. The loan currently bears interest at fixed rates ranging from 6.09 percent to 6.62 percent and matures in August 2020. The Company has posted a $5.9 million letter of credit in support of this loan, half of which is indemnified by Hyatt.

RED BANK CORPORATE PLAZA

The Company has a joint venture with The PRC Group, which owns Red Bank Corporate Plaza, a 92,878 square foot office building located in Red Bank, New Jersey. The property is fully leased to Hovnanian Enterprises, Inc. through September 30, 2017. The Company holds a 50 percent interest in the venture.

The venture has a loan with a commercial bank collateralized by the office property, which carries a balance as of December 31, 2010 of $20.4 million, bears interest at a rate of the London Interbank Offered Rate ("LIBOR") plus 125 basis points and matures in April 2011. LIBOR was 0.26 percent at December 31, 2010. On January 26, 2010, the venture sold a vacant land parcel it had owned for approximately $1.7 million.

The Company performs management, leasing and other services for the property owned by the joint venture and recognized $91,000, $92,600 and $128,000 in fees for such services for the years ended December 31, 2010, 2009 and 2008, respectively.

MACK-GREEN-GALE LLC/GRAMERCY AGREEMENT

On May 9, 2006, the Company entered into a joint venture, Mack-Green-Gale LLC and subsidiaries ("Mack-Green"), with SL Green, pursuant to which Mack-Green held an approximate 96 percent interest in and acted as general partner of Gale SLG NJ Operating Partnership, L.P. (the "OPLP"). The Company's acquisition cost for its interest in Mack-Green was approximately $125 million, which was funded primarily through borrowing under the Company's revolving credit facility. At the time, the OPLP owned 100 percent of entities ("Property Entities") which owned 25 office properties (the "OPLP Properties") which aggregated 3.5 million square feet (consisting of 17 office properties aggregating 2.3 million square feet located in New Jersey and eight properties aggregating 1.2 million square feet located in Troy, Michigan). In December 2007, the OPLP sold its eight properties located in Troy, Michigan for $83.5 million. The venture recognized a loss of approximately $22.3 million from the sale.

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

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

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

Substantially all of the OPLP Properties were encumbered by mortgage loans with an aggregate outstanding principal balance of $276.3 million at March 31, 2009. $185.0 million of the mortgage loans bore interest at a weighted average fixed interest rate of 6.26 percent per annum and matured at various times through May 2016.

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

On April 29, 2009, the Company acquired the remaining interests in Mack-Green from SL Green. As a result, the Company owns 100 percent of Mack-Green. Additionally, on April 29, 2009, the mortgage loans with Gramercy on the Portfolio Properties (the "Gramercy Agreement") were modified to provide for, among other things, interest to accrue at the current rate of LIBOR plus 275 basis points per annum, with the interest pay rate capped at 3.15 percent per annum. Under the Gramercy Agreement, the payment of debt service is subordinate to the payment of operating expenses. Interest at the pay rate is payable only out of funds generated by the Portfolio Properties and only to the extent that the Portfolio Properties' operating expenses have been paid, with any accrued unpaid interest above the pay rate serving to increase the balance of the amounts due at the termination of the agreement. Any excess funds after payment of debt service generally will be escrowed and available for future capital and leasing costs, as well as to cover future cash flow shortfalls, as appropriate. The Gramercy Agreement terminates on May 9, 2011. Approximately six months in advance of the end of the term of the Gramercy Agreement, the Portfolio Entities are to provide estimates of each property's fair market value ("FMV"). Gramercy has the right to accept or reject the FMV. If Gramercy rejects the FMV, Gramercy must market the property for sale in cooperation with the Portfolio Entities and must approve the ultimate sale. However, Gramercy has no obligation to market a Portfolio Property if the FMV is less than the allocated amount due, including accrued, unpaid interest. If any Portfolio Property is not sold, the Portfolio Entities have agreed to give a deed in lieu of foreclosure, unless the FMV was equal to or greater than the allocated amount due for such Portfolio Property, in which case they can elect to have that Portfolio Property released by paying the FMV. If Gramercy accepts the FMV, the Portfolio Property will be released from the Gramercy Agreement upon payment of the FMV. Under the direction of Gramercy, the Company continues to perform management, leasing, and construction services for the Portfolio Properties at market terms. The Portfolio Entities have a participation interest which provides for sharing 50 percent of any amount realized in excess of the allocated amounts due for each Portfolio Property.

As the Company acquired SL Green's interests in Mack-Green, the Company owns 100 percent of Mack-Green and is consolidating Mack-Green as of the closing date. Mack-Green, in turn, has been and will continue consolidating the OPLP as Mack-Green's approximate 96 percent, general partner ownership interest in the OPLP remained unchanged as of the closing date. Additionally, as of the closing date, the OPLP continues to consolidate its Property Entities which own 11 office properties aggregating 1.5 million square feet as its 100-percent ownership and rights regarding these entities were unchanged in the transaction. The OPLP will not be consolidating the Portfolio Entities that own six office properties, aggregating 786,198 square feet, as the Gramercy Agreement is considered a reconsideration event under the provisions of ASC 810, Consolidation, and accordingly, the Portfolio Entities were deemed to be variable interest entities for which the OPLP was not considered the primary beneficiary based on the Gramercy Agreement as described above. As a result of the SLG Transactions, the Company has an unconsolidated joint venture interest in the Portfolio Properties.

On March 31, 2010, the venture sold one of its unconsolidated Portfolio Properties subject to the Gramercy Agreement, 1280 Wall Street West, a 121,314 square foot office property, located in Lyndhurst, New Jersey, for approximately $13.9 million, which was primarily used to pay down mortgage loans pursuant to the Gramercy Agreement.

On December 17, 2010, the venture repaid the $26.8 million allocated loan amount of one of the unconsolidated Portfolio Properties which was subject to the Gramercy Agreement, One Grande Commons, a 198,376 square foot office property, located in Bridgewater, New Jersey. Concurrent with the repayment, the venture placed $11 million mortgage financing on the property obtained from a bank. As a result of the repayment of the existing mortgage loan, the venture, which is consolidated by the Company, obtained a controlling interest and is consolidating the office property.

The Company performs management, leasing, and construction services for properties owned by the unconsolidated joint ventures and recognized $861,000, $2.3 million and $5.2 million in income (net of $0, $1.1 million and $3.5 million in direct costs) for such services in the years ended December 31, 2010, 2009 and 2008, respectively.

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

On May 9, 2006, as part of the Gale/Green transactions, the Company acquired from a Gale Affiliate for $1.8 million a 50 percent controlling interest in GMW Village Associates, LLC ("GMW Village"). The Company consolidates GMW Village, which includes accounts for investments in unconsolidated joint venture and noncontrolling interests in consolidated joint ventures, with any profit and loss recorded in equity in earnings (loss) and noncontrolling interests. GMW Village holds a 20 percent interest in GE/Gale Funding LLC ("GE Gale"). GE Gale owns a 100 percent interest in the entity which owned Princeton Forrestal Village, a mixed-use, office/retail complex aggregating 527,015 square feet and located in Plainsboro, New Jersey ("Princeton Forrestal Village" or "PFV").

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

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

On December 16, 2010, GE Gale sold PFV for $55 million, realizing a gain on the sale of $207,000 (of which the Company's share of $41,000 is included in equity in earnings for the year ended December 31, 2010).

The Company performed management, leasing, and other services for PFV and recognized $1.4 million, $1.1 million and $881,000 in income (net of $0, $0 and $288,000 in direct costs) for such services in the years ended December 31, 2010, 2009 and 2008, respectively.

GALE KIMBALL, L.L.C.

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

The operating agreement of M-C Kimball provides, among other things, for the Gale Participation Rights (of which Mark Yeager, a former executive vice president of the Company, has a direct 26 percent interest).

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

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

(i) first, to JPM, such that JPM is provided with an annual 12 percent compound preferred return on Preferred Equity Capital Contributions (as such term is defined in the operating agreement of 100 Kimball and largely comprised of development and construction costs);
(ii) second, to JPM, as return of Preferred Equity Capital Contributions until complete repayment of such Preferred Equity Capital Contributions;
(iii)

third, to each of JPM and Gale Kimball in proportion to their respective membership interests until each member is provided, as a result of such distributions, with an annual twelve percent compound return on the Member's Capital Contributions (as defined in the operating agreement of 100 Kimball, and excluding Preferred Equity Capital Contributions, if any); and

(iv) fourth, 50 percent to each of JPM and Gale Kimball.

On September 21, 2007, 100 Kimball obtained a $47 million mortgage loan which bore interest at a rate of 5.95 percent and was scheduled to mature in September 2012. On December 30, 2009 the venture paid the lender $40 million to satisfy the debt and recorded a gain of $7.0 million (of which the Company's share of $579,000 is included in equity in earnings for the year ended December 31, 2009). Concurrently, 100 Kimball obtained a $32 million mortgage loan that bore interest at a rate of the greater of LIBOR plus 400 basis points, or 5.50 percent. The loan was set to mature on January 10, 2013 with two one-year extension options, subject to certain conditions and payment of a fee.

On December 10, 2010, 100 Kimball sold its office property for approximately $60 million, realizing a gain on the sale of $19.8 million (of which the Company's share of $1.6 million is included in equity in earnings for the year ended December 31, 2010). As a result of the sale the Company received a distribution of approximately $5.4 million, of which $2.4 million was paid out pursuant to the Gale Participation Rights.

The Company performs management, leasing, and other services for the property owned by 100 Kimball for which it recognized $262,000, $234,000 and $377,000 in income (net of $0, $0 and $1.0 million in direct costs) for such services in the years ended December 31, 2010, 2009 and 2008, respectively.

55 CORPORATE PARTNERS, LLC
On June 9, 2006, the Company entered into a joint venture with a Gale Affiliate to form 55 Corporate Partners L.L.C. ("55 Corporate"). 55 Corporate was formed for the sole purpose of acquiring from a Gale Affiliate a 50 percent interest in SLG 55 Corporate Drive II LLC ("SLG 55"), an entity presently holding a 100 percent indirect condominium interest in a vacant land parcel located in Bridgewater, New Jersey, which can accommodate development of an approximately 205,000 square foot office building (the "55 Corporate Property"). The remaining 50 percent in SLG 55 was owned by SLG Gale 55 Corporate LLC, an affiliate of SL Green Realty Corp. ("SLG Gale 55").

Sanofi-Aventis U.S. Inc. ("Sanofi"), which occupied neighboring buildings, exercised its option to cause the venture to construct a building on its vacant, developable land and has signed a lease for the building. The lease has a term of 15 years, subject to three five-year extension options. The construction of the building commenced in 2009 and was delivered to the tenant in January 2011. The total estimated costs of the project are expected to be approximately $50.9 million.

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

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

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

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

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

The office property at 12 Vreeland is a 139,750 square foot office building. The property is subject to a fully-amortizing mortgage loan, which matures on July 1, 2012, and bears interest at 6.9 percent per annum. As of December 31, 2010 the outstanding balance on the mortgage note was $3.2 million.

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

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

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

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

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

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

of the Company and Gale/426.

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

The joint venture has suspended its plans for the development of the Filenes Property which was to include approximately 1.2 million square feet consisting of office, retail, condominium apartments, hotel and a parking garage. The project is subject to governmental approvals. The venture recorded an impairment charge of approximately $69.5 million on its development project as of December 31, 2008.

GALE JEFFERSON, L.L.C.
On August 22, 2007, the Company entered into a joint venture with a Gale Affiliate to form M-C Jefferson, L.L.C. ("M-C Jefferson"). M-C Jefferson was formed for the sole purpose of acquiring a Gale Affiliate's 33.33 percent membership interest in Gale Jefferson, L.L.C. ("Gale Jefferson"), an entity holding a 25 percent interest in One Jefferson Road LLC ("One Jefferson"), which developed and placed in service a 100,000 square foot office property at One Jefferson Road, Parsippany, New Jersey, ("the Jefferson Property"). The property has been fully leased to a single tenant through August 2025.

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

One Jefferson has a loan in an amount not to exceed $21 million (with a balance of $20.4 million at December 31, 2010), bearing interest at a rate of LIBOR plus 160 basis points and maturing on October 24, 2011.

The Company performs management, leasing and other services for Gale Jefferson and recognized $532,000, $190,000 and $286,000 in income (net of $5.6 million, $646,000 and $9.6 million in direct costs) for such services for the years ended December 31, 2010, 2009 and 2008, respectively.

RAMLAND REALTY ASSOCIATES L.L.C. (One Ramland Road)
On August 20, 1998, the Company entered into a 50/50 joint venture with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square foot office/flex building and adjacent developable land, located in Orangeburg, New York. In August 1999, the joint venture completed redevelopment of the property and placed the office/flex building in service. The venture recorded an impairment loss of approximately $4.3 million on its rental property as of December 31, 2007. On December 31, 2008, the venture transferred the deed to the lender in satisfaction of its obligations, including its mortgage with a balance of $14.7 million, and recorded a gain on the disposal of its office property of $7.5 million.

The Company performed management, leasing and other services for the property when owned by the joint venture and recognized $57,000 in fees for such services for the year ended December 31, 2008.

ROUTE 93 MASTER LLC ("Route 93 Participant")/ROUTE 93 BEDFORD MASTER LLC (with the Route 93 Participant, collectively, the "Route 93 Venture")
On June 1, 2006, the Route 93 Venture was formed between the Route 93 Participant, a majority-owned subsidiary of the Company, having a 30 percent interest and the Commingled Pension Trust Fund (Special Situation Property) of JPMorgan Chase Bank having a 70 percent interest, for the purpose of acquiring seven office buildings, aggregating 666,697 square feet, located in the towns of Andover, Bedford and Billerica, Massachusetts. Profits and losses were

shared by the partners in proportion to their respective interests until the investment yielded an 11 percent IRR, then sharing shifted to 40/60, and when the IRR reached 15 percent, then sharing shifted to 50/50. The Route 93 Participant is a joint venture between the Company and a Gale affiliate. Profits and losses were shared by the partners under this venture in proportion to their respective interests (83.3/16.7) until the investment yielded an 11 percent IRR, then sharing shifted to 50/50.

On March 31, 2009, on account of the deterioration at the time in the commercial real estate markets in the Boston area, the Company wrote off its investment in the venture and recorded an impairment charge in equity in earnings (loss) of $4.0 million (of which $0.6 million was attributable to noncontrolling interest in consolidated joint ventures) during the period. The Route 93 Ventures had a mortgage loan with a $44.2 million balance at September 1, 2009 collateralized by its office properties. The loan bore interest at a rate of LIBOR plus 220 basis points and was scheduled to mature on July 11, 2009. On September 2, 2009, the venture transferred the deeds to the lender in satisfaction of its obligations.

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of December 31, 2010 and 2009: (dollars in thousands)

	December 31, 2010									
	Plaza VIII & IX Associates	Harborside South Pier	Red Bank Corporate Plaza I & II	Gramercy Agreement	Princeton Forrestal Village	Gale Kimball	12 Vreeland	Boston-Downtown Crossing	Gale Jefferson	Combined Total
Assets:										
Rental property, net	$ 8,947	$ 64,964	$ 23,594	$ 40,786	--	--	$ 14,081	--	--	$ 152,372
Other assets	906	11,681	6,422	6,261	$ 1,434	$ 51	734	$ 46,062	$ 2,415	75,966
Total assets	$ 9,853	$ 76,645	$ 30,016	$ 47,047	$ 1,434	$ 51	$ 14,815	$ 46,062	$ 2,415	$ 228,338
Liabilities and partners'/members' capital (deficit):										
Mortgages, loans payable and other obligations	--	$ 71,914	$ 20,424	$ 50,978	--	--	$ 3,161	--	--	$ 146,477
Other liabilities	$ 529	4,820	89	1,719	$ 337	--	--	--	--	7,494
Partners'/members' capital (deficit)	9,324	(89)	9,503	(5,650)	1,097	$ 51	$ 11,654	$ 46,062	$ 2,415	$ 74,367
Total liabilities and partners'/members' capital (deficit)	$ 9,853	$ 76,645	$ 30,016	$ 47,047	$ 1,434	$ 51	$ 14,815	$ 46,062	$ 2,415	$ 228,338
Company's investments in unconsolidated joint ventures, net	$ 4,584	$ 1,161	$ 4,598	--	--	--	$ 9,860	$ 13,022	$ 995	$ 34,220

	December 31, 2009									
	Plaza VIII & IX Associates	Harborside South Pier	Red Bank Corporate Plaza I & II	Gramercy Agreement	Princeton Forrestal Village	Gale Kimball	12 Vreeland	Boston-Downtown Crossing	Gale Jefferson	Combined Total
Assets:										
Rental property, net	$ 9,560	$ 61,836	$ 24,884	$ 73,037	$ 38,739	--	$ 15,265	--	--	$ 223,321
Other assets	997	15,255	4,623	8,631	21,937	$ 1,998	1,068	$ 45,850	$ 1,780	102,139
Total assets	$ 10,557	$ 77,091	$ 29,507	$ 81,668	$ 60,676	$ 1,998	$ 16,333	$ 45,850	$ 1,780	$ 325,460
Liabilities and partners'/members' capital (deficit):										
Mortgages, loans payable										

and other obligations	--	$ 73,553	$ 20,764	$ 90,288	$ 51,187	--	$ 5,007	--	--	$ 240,799
Other liabilities	$ 532	4,374	162	2,589	3,830	--	--	--	--	11,487
Partners'/members' capital (deficit)	10,025	(836)	8,581	(11,209)	5,659	$ 1,998	11,326	$ 45,850	$ 1,780	73,174
Total liabilities and partners'/members' capital (deficit)	$ 10,557	$ 77,091	$ 29,507	$ 81,668	$ 60,676	$ 1,998	$ 16,333	$ 45,850	$ 1,780	$ 325,460
Company's investments in unconsolidated joint ventures, net	$ 4,935	$ 860	$ 4,104	--	$ 1,211	$ 1,259	$ 9,599	$ 12,948	$ 764	$ 35,680

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SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the years ended December 31 2010, 2009 and 2008: (dollars in thousands)

	Year Ended December 31, 2010											
	Plaza VIII & IX Associates	Ramland Realty/ Other	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G	Gramercy Agreement	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	12 Vreeland	Boston- Downtown Crossing	Co Je
Total revenues	$ 798	--	$ 34,680	$ 4,325	--	$ 17,802	$ 11,769	--	$ 5,194	$ 2,386	--	$
Operating and other	(206)	--	(24,417)	(1,028)	--	(5,793)	(6,433)	--	--	(161)	$ (1,424)	(
Depreciation and amortization	(612)	--	(5,067)	(901)	--	(3,965)	(3,154)	--	--	(1,411)	--	(
Interest expense	--	--	(4,449)	(335)	--	(2,485)	(1,620)	--	--	(293)	--	
Net income	$ (20)	--	$ 747	$ 2,061	--	$ 5,559	$ 562	--	$ 5,194	$ 521	$ (1,424)	$
Company's equity in earnings (loss) o f unconsolidated joint ventures	$ (10)	--	$ 301	$ 649	--	--	$ (379)	--	$ 1,909	$ 260	$ (437)	$

	Year Ended December 31, 2009										
	Plaza VIII & IX Associates	Ramland Realty/ Other	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G	Gramercy Agreement	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	12 Vreeland	Boston- Downtown Crossing
Total revenues	$ 804	--	$ 35,002	$ 3,214	$ 17,582	$ 7,902	$ 13,171	$ 2,153	--	$ 2,579	--
Operating and other	(192)	--	(23,170)	(1,002)	(7,076)	(4,675)	(7,558)	(2,487)	$ 1,664	(62)	$ (10,881)
Depreciation and amortization	(612)	--	(4,215)	(871)	(6,493)	(3,073)	(3,948)	(1,206)	--	(1,251)	--
Interest expense	--	--	(4,592)	(340)	(4,883)	(1,862)	(1,788)	(649)	--	(467)	--
Net income	--	--	$ 3,025	$ 1,001	$ (870)	$ (1,708)	$ (123)	$ (2,189)	$ 1,664	$ 799	$ (10,881)
Company's equity in earnings (loss) o f unconsolidated											

joint ventures	--	--	$ 2,856	$ 463	$ (916)	--	$ (131)	$ (4,354)	$ 648	$ 400	$ (4,500)

	Year Ended December 31, 2008										
	Plaza VIII & IX Associates	Ramland Realty/ Other	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G	Gramercy Agreement	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	12 Vreeland	Boston-Downtown Crossing
Total revenues	$ 1,131	$ 9,186	$ 45,783	$ 3,205	$ 51,285	--	$ 12,924	$ 2,770	--	$ 2,188	
Operating and other	(183)	(1,182)	(26,746)	(906)	(52,213)	--	(8,843)	(3,716)	$ (43)	(72)	$ (34,712)
Depreciation and amortization	(614)	(481)	(4,926)	(631)	(20,433)	--	(5,454)	(1,758)	--	(511)	--
Interest expense	--	(203)	(4,682)	(792)	(17,381)	--	(3,318)	(2,443)	--	(509)	--
Net income	$ 334	$ 7,320	$ 9,429	$ 876	$ (38,742)	--	$ (4,691)	$ (5,147)	$ (43)	$ 1,096	$ (34,712)
Company's equity in earnings (loss) o f unconsolidated joint ventures	$ 167	$ 90	$ 4,740	$ 475	$ (32,354)	--	$ (880)	$ (1,154)	$ 455	$ 548	$ (11,839)

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5. DEFERRED CHARGES AND OTHER ASSETS

	December 31,	
(dollars in thousands)	2010	2009
Deferred leasing costs	$ 241,281	$ 229,725
Deferred financing costs	20,149	26,733
	261,430	256,458
Accumulated amortization	(120,580)	(119,267)
Deferred charges, net	140,850	137,191
In-place lease values, related intangible and other assets, net	41,155	49,180
Prepaid expenses and other assets, net	30,033	27,303
Total deferred charges and other assets, net	$ 212,038	$ 213,674

6. RESTRICTED CASH

Restricted cash includes security deposits for certain of the Company's 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: (dollars in thousands)

	December 31,	
	2010	2009
Security deposits	$ 6,995	$ 8,618
Escrow and other reserve funds	10,315	12,063
Total restricted cash	$ 17,310	$ 20,681

7. DISCONTINUED OPERATIONS

On June 1, 2010, the Company disposed of its 150,050 square foot office property located at 105 Challenger Road in Ridgefield Park, New Jersey and recorded a gain on the disposal of the office property of approximately $4.4 million. The Company has presented this property as discontinued operations in its statement of operations for all periods presented.

The following table summarizes income from discontinued operations and the related realized gains (losses) and unrealized losses on disposition of rental property, net, for the years ended December 31, 2010, 2009 and 2008: (dollars in thousands)

	Years Ended December 31,		
	2010	2009	2008
Total revenues	$ 2,255	$ 5,601	$ 5,189
Operating and other expenses	(1,173)	(2,603)	(2,826)
Depreciation and amortization	(409)	(1,811)	(1,678)
Interest expense (net of interest income)	(431)	(1,204)	(1,196)

Income from discontinued operations before gains (losses) and unrealized losses on disposition of rental property	242	(17)	(511)
Impairment charge on rental property	--	(16,563)	--
Realized gains (losses) and unrealized losses on disposition of rental property, net	4,447	--	--
Total discontinued operations, net	$ 4,689	$(16,580)	$ (511)

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8. SENIOR UNSECURED NOTES

A summary of the Company's senior unsecured notes as of December 31, 2010 and 2009 is as follows: (dollars in thousands)

	December 31, 2010	December 31, 2009	Effective Rate (1)
5.050% Senior Unsecured Notes, due April 15, 2010 (2)	--	$149,984	5.265%
7.835% Senior Unsecured Notes, due December 15, 2010 (2)	--	15,000	7.950%
7.750% Senior Unsecured Notes, due February 15, 2011 (3)	--	299,814	7.930%
5.250% Senior Unsecured Notes, due January 15, 2012	$ 99,793	99,599	5.457%
6.150% Senior Unsecured Notes, due December 15, 2012	93,946	93,455	6.894%
5.820% Senior Unsecured Notes, due March 15, 2013	25,861	25,751	6.448%
4.600% Senior Unsecured Notes, due June 15, 2013	99,930	99,901	4.742%
5.125% Senior Unsecured Notes, due February 15, 2014	200,749	200,989	5.110%
5.125% Senior Unsecured Notes, due January 15, 2015	149,625	149,533	5.297%
5.800% Senior Unsecured Notes, due January 15, 2016	200,389	200,464	5.806%
7.750% Senior Unsecured Notes, due August 15, 2019	248,158	247,944	8.017%
Total Senior Unsecured Notes	$1,118,451	$1,582,434	

(1) Includes the cost of terminated treasury lock agreements (if any), offering and other transaction costs and the discount/premium on the notes, as applicable.
(2) These notes were paid at maturity.
(3) On December 15, 2010, the Company redeemed $300 million principal amount of its 7.75 percent senior unsecured notes due February 15, 2011. The redemption price, including a make-whole premium, was 101.225 percent of the principal amount of the notes, plus accrued and unpaid interest up to the redemption date. The Company funded the redemption price, including accrued and unpaid interest, of approximately $311.4 million from borrowing on its unsecured revolving credit facility, as well as cash on hand. In connection with the redemption, the Company recorded approximately $3.8 million as a loss from early extinguishment of debt.

9. UNSECURED REVOLVING CREDIT FACILITY

The Company has a $775 million unsecured credit facility (expandable to $800 million) with a group of 23 Lenders. The interest rate on outstanding borrowings (not electing the Company's competitive bid feature) is LIBOR

plus 55 basis points at the BBB/Baa2 pricing level. In June 2010, the Company exercised its option to extend the credit facility for one year to June 2012 and paid the $1,162,500 extension fee.

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

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

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

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

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

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

As of December 31, 2010 and 2009, the Company had outstanding borrowings of $228 million and $0, respectively, under its unsecured revolving credit facility.

MONEY MARKET LOAN

The Company has an agreement with JPMorgan Chase Bank to participate in a noncommitted money market loan program ("Money Market Loan"). The Money Market Loan is an unsecured borrowing of up to $75 million arranged by JPMorgan Chase Bank with maturities of 30 days or less. The rate of interest on the Money Market Loan borrowing is set at the time of each borrowing. As of December 31, 2010 and 2009, the Company had no outstanding borrowings under the Money Market Loan.

10. MORTGAGES, LOANS PAYABLE AND OTHER OBLIGATIONS

The Company has mortgages, loans payable and other obligations which primarily consist of various loans collateralized by certain of the Company's rental properties. As of December 31, 2010, 32 of the Company's properties, with a total book value of approximately $981,811,000, are encumbered by the Company's mortgages and loans payable. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only.

A summary of the Company's mortgages, loans payable and other obligations as of December 31, 2010 and 2009 is as follows: (dollars in thousands)

Property Name	Lender	Effective Interest Rate (a)	December 31, 2010	2009	Maturity
105 Challenger Road (b)	Archon Financial CMBS	6.235%	--	$ 19,408	--
One Grande Commons (c)	Capital One Bank	LIBOR +2.00%	$ 11,000	--	12/31/11
2200 Renaissance Boulevard (d)	Wachovia CMBS	5.888%	16,171	16,619	12/01/12
Soundview Plaza	Morgan Stanley Mortgage Capital	6.015%	16,089	16,614	01/01/13
9200 Edmonston Road	Principal Commercial Funding L.L.C.	5.534%	4,646	4,804	05/01/13
6305 Ivy Lane	John Hancock Life Insurance Co.	5.525%	6,475	6,693	01/01/14
395 West Passaic	State Farm Life Insurance Co.	6.004%	11,270	11,735	05/01/14
6301 Ivy Lane	John Hancock Life Insurance Co.	5.520%	6,103	6,297	07/01/14
35 Waterview Boulevard	Wachovia CMBS	6.348%	19,341	19,613	08/11/14
6 Becker, 85 Livingston, 75 Livingston & 20 Waterview	Wachovia CMBS	10.220%	61,224	60,409	08/11/14
4 Sylvan	Wachovia CMBS	10.190%	14,395	14,357	08/11/14
10 Independence	Wachovia CMBS	12.440%	15,606	15,339	08/11/14
4 Becker	Wachovia CMBS	9.550%	37,096	36,281	05/11/16
5 Becker	Wachovia CMBS	12.830%	11,599	11,111	05/11/16
210 Clay	Wachovia CMBS	13.420%	11,467	11,138	05/11/16
51 Imclone	Wachovia CMBS	8.390%	3,893	3,899	05/11/16
Various (e)	Prudential Insurance	6.332%	150,000	150,000	01/15/17
23 Main Street	JPMorgan CMBS	5.587%	31,537	32,042	09/01/18
Harborside Plaza 5	The Northwestern Mutual Life Insurance Co. & New York Life Insurance Co.	6.842%	234,521	237,248	11/01/18
100 Walnut Avenue	Guardian Life Insurance Co.	7.311%	19,443	19,600	02/01/19
One River Center (f)	Guardian Life Insurance Co.	7.311%	44,540	44,900	02/01/19
581 Main Street	Valley National Bank	6.935% (g)	16,627	16,896	07/01/34
Total mortgages, loans payable and other obligations			$743,043	$755,003	

(a) Reflects effective rate of debt, including deferred financing costs, comprised of the cost of terminated treasury lock agreements (if any), debt initiation costs, mark-to-market adjustment of acquired debt and other transaction costs, as applicable.
(b) On June 1, 2010, the Company transferred the deed for 105 Challenger Road to the lender in satisfaction of its obligations.

(c) On December 17, 2010, the Company obtained this mortgage financing in connection with obtaining a controlling interest in the mortgaged property. The mortgage loan has three one-year extension options subject to certain conditions and the payment of a fee.
(d) The property does not generate sufficient cash flow to meet debt service requirements. As a result, beginning January 2011, debt service has not been made and a modification of the loan terms has been requested from the lender.
(e) Mortgage is collateralized by seven properties. On January 15, 2010, the Company extended the mortgage loan until January 15, 2017 at an effective interest rate of 6.33 percent.
(f) Mortgage is collateralized by the three properties comprising One River Center.
(g) The coupon interest rate will be reset at the end of year 10 (2019) and year 20 (2029) at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates with a minimum rate of 6.875 percent.

SCHEDULED PRINCIPAL PAYMENTS

Scheduled principal payments and related weighted average annual interest rates for the Company's senior unsecured notes (see Note 8), unsecured revolving credit facility and mortgages, loans payable and other obligations as of December 31, 2010 are as follows: (dollars in thousands)

Period	Scheduled Amortization ($000's)	Principal Maturities ($000's)	Total ($000's)	Weighted Avg. Interest Rate of Future Repayments (a)
2011	$ 9,217	$ 11,000	$ 20,217	4.75%
2012	10,687	438,148	448,835	3.48%
2013	11,319	145,223	156,542	5.39%
2014	10,473	335,257	345,730	6.82%
2015	8,946	150,000	158,946	5.40%
Thereafter	35,820	952,532	988,352	7.15%
Sub-total	86,462	2,032,160	2,118,622	
Adjustment for unamortized debt discount/premium, net, as of December 31, 2010	(29,128)	--	(29,128)	--
Totals/Weighted Average	$ 57,334	$2,032,160	$2,089,494	5.97%

(a) Actual weighted average LIBOR contract rates relating to the Company's outstanding debt as of December 31, 2010 of 0.28 percent was used in calculating revolving credit facility and other variable rate debt interest rates.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the years ended December 31, 2010, 2009 and 2008 was $153,608,000, $131,912,000, and $131,304,000, respectively. Interest capitalized by the Company for the years ended December 31, 2010, 2009 and 2008 was $1,912,000, $1,401,000 and $5,799,000, respectively.

SUMMARY OF INDEBTEDNESS

As of December 31, 2010, the Company's total indebtedness of $2,089,494,000 (weighted average interest rate of 5.97 percent) was comprised of $239,000,000 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 0.90 percent and fixed rate debt and other obligations of $1,850,494,000 (weighted average rate of 6.62 percent).

As of December 31, 2009, the Company's total indebtedness of $2,337,437,000 (weighted average interest rate of 6.61 percent) was comprised of all fixed rate debt.

11. EMPLOYEE BENEFIT 401(k) PLANS

Employees of the Company, who meet certain minimum age and service requirements, are eligible to participate in the Mack-Cali Realty Corporation 401(k) Savings/Retirement Plan (the "401(k) Plan"). Eligible employees may elect to defer from one percent up to 60 percent of their annual compensation on a pre-tax basis to the 401(k) Plan, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company may make discretionary matching or profit sharing contributions to the 401(k) Plan on

behalf of eligible participants in any plan year. Participants are always 100 percent vested in their pre-tax contributions and will begin vesting in any matching or profit sharing contributions made on their behalf after two years of service with the Company at a rate of 20 percent per year, becoming 100 percent vested after a total of six years of service with the Company. All contributions are allocated as a percentage of compensation of the eligible participants for the Plan year. The assets of the 401(k) Plan are held in trust and a separate account is established for each participant. A participant may receive a distribution of his or her vested account balance in the 401(k) Plan in a single sum or in installment payments upon his or her termination of service with the Company. Total expense recognized by the Company for the 401(k) Plan for each of the three years ended December 31, 2010, 2009 and 2008 was $0, $0 and $471,000, respectively. The Company did not make contributions to the 401(k) Plan in 2010 and 2009.

12. 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 judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments at December 31, 2010 and 2009. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, marketable securities, receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values as of December 31, 2010 and 2009.

The fair value of the Company's long-term debt, consisting of senior unsecured notes, an unsecured revolving credit facility and mortgages, loans payable and other obligations aggregate approximately $2.2 billion and $2.4 billion as compared to the book value of approximately $2.1 billion and $2.3 billion as of December 31, 2010 and 2009, respectively. The fair value of the Company's long-term debt is estimated on a level 2 basis (as provided by ASC 820, Fair Value Measurements and Disclosures), using a discounted cash flow analysis based on the borrowing rates currently available to the Company for loans with similar terms and maturities. The fair value of the mortgage debt and the unsecured notes was determined by discounting the future contractual interest and principal payments by a market rate.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2010 and 2009. 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, 2010 and current estimates of fair value may differ significantly from the amounts presented herein.

13. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

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

The Harborside Plaza 4-A agreement, which commenced in 2002, is for a term of 20 years. The PILOT is equal to two percent of Total Project costs, as defined. Total Project costs, as defined, are $49.5 million. The PILOT totaled $1,205,000, $1,001,000 and $1,001,000 for the years ended December 31, 2010, 2009 and 2008, respectively.

The Harborside Plaza 5 agreement, as amended, which commenced in 2002 upon substantial completion of the property, as defined, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs. Total Project Costs, as defined, are $170.9 million. The PILOT totaled $3.8 million, $3.2 million and $3.2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

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

LITIGATION

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

GROUND LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Company is the lessee, as of December 31, 2010, are as follows: (dollars in thousands)

Year	Amount
2011	$ 375
2012	367
2013	351
2014	367
2015	371
2016 through 2084	16,688
Total	$18,519

Ground lease expense incurred by the Company during the years ended December 31, 2010, 2009 and 2008 amounted to $490,000, $734,000 and $701,000, respectively.

OTHER

The Company may not dispose of or distribute certain of its properties, currently comprising seven properties with an aggregate net book value of approximately $133.9 million, which were originally contributed by certain unrelated common unitholders, without the express written consent of such common unitholders, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate specific common unitholders for the tax consequences of the recognition of such built-in-gains (collectively, the “Property Lock-Ups”). The aforementioned restrictions do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company’s Board of Directors determines is reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expire periodically through 2016. Upon the expiration of the Property Lock-Ups, the Company is generally required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the specific common unitholders, which include members of the Mack Group (which includes William L. Mack, Chairman of the Company’s Board of Directors; David S. Mack, director; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Robert F. Weinberg, director; Martin S. Berger, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, director, and John J. Cali, a former director). 130 of the Company’s properties, with an aggregate net book value of approximately $1.8 billion, have lapsed restrictions and are subject to these conditions.

Sanofi-Aventis U.S. Inc. (“Sanofi”), which occupies neighboring buildings in Bridgewater, New Jersey, exercised its option to cause the Company to construct a building on its vacant, developable land and has signed a lease for the building. The lease has a term of 15 years, subject to three five-year extension options. The construction of the 205,000 square foot building commenced in 2009 and was delivered to the tenant in January 2011. The total estimated costs of the project are expected to be approximately $50.9 million (of which the Company has incurred $38.0 million through December 31, 2010.)

14. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2030. Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass-through of charges for electrical usage.

Future minimum rentals to be received under non-cancelable operating leases at December 31, 2010 are as follows (dollars in thousands):

Year	Amount
2011	$584,959
2012	536,151
2013	457,869
2014	388,291
2015	321,026
2016 and thereafter	1,064,569
Total	$3,352,865

15. MACK-CALI REALTY CORPORATION STOCKHOLDERS' EQUITY

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

PREFERRED STOCK

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

The Series C Preferred Stock has preference rights with respect to liquidation and distributions over the common stock. Holders of the Series C Preferred Stock, except under certain limited conditions, will not be entitled to vote on any matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of the Series C Preferred Stock will have the right to elect two additional members to serve on the Company's Board of Directors until dividends have been paid in full. At December 31, 2010, there were no dividends in arrears. The Company may issue unlimited additional preferred stock ranking on a parity with the Series C Preferred Stock but may not issue any preferred stock senior to the Series C Preferred Stock without the consent of two-thirds of its holders. The Series C Preferred Stock is essentially on an equivalent basis in priority with the preferred units of the Operating Partnership (See Note 16: Noncontrolling interests in subsidiaries).

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

SHARE REPURCHASE PROGRAM

On September 12, 2007, the Board of Directors authorized an increase to the Company's repurchase program under which the Company was permitted to purchase up to $150 million of the Company's outstanding common stock ("Repurchase Program"). The Company has purchased and retired 2,893,630 shares of its outstanding common stock for an aggregate cost of approximately $104 million through December 31, 2010 under the Repurchase Program (none of which has occurred in 2009 and 2010). The Company has a remaining authorization to repurchase up to an additional $46 million of its outstanding common stock, which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

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

STOCK OPTION PLANS

In May 2004, the Company established the 2004 Incentive Stock Plan under which a total of 2,500,000 shares have been reserved for issuance. No options have been granted through December 31, 2010 under this plan. In September 2000, the Company established the 2000 Employee Stock Option Plan ("2000 Employee Plan") and the Amended and Restated 2000 Director Stock Option Plan ("2000 Director Plan"). In May 2002, shareholders of the Company approved amendments to both plans to increase the total shares reserved for issuance under both of the 2000 plans from 2,700,000 to 4,350,000 shares of the Company's common stock (from 2,500,000 to 4,000,000 shares under the 2000 Employee Plan and from 200,000 to 350,000 shares under the 2000 Director Plan). In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan ("Employee Plan") and the Mack-Cali Director Stock Option Plan ("Director Plan") under which a total of 5,380,188 shares (subject to adjustment) of the Company's common stock had been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). As the Employee Plan and Director Plan expired in 2004, and the 2000 Employee Plan and 2000 Director Plan expired in September 2010, stock options may no longer be issued under those plans. Stock options granted under the Employee Plan in 1994 and 1995 became exercisable over a three-year period. Stock options granted under the 2000 Employee Plan and those options granted subsequent to 1995 under the Employee Plan became exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan became exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of December 31, 2010 and 2009, the stock options outstanding, which were all exercisable, had a weighted average remaining contractual life of approximately 1.7 and 2.5 years, respectively.

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

	Shares Under Options	Weighted Average Exercise Price	Aggregate Intrinsic Value $(000's)
Outstanding at January 1, 2008	497,731	$29.03	
Exercised	(81,675)	$28.30	
Lapsed or canceled	(20,515)	$37.00	
Outstanding at December 31, 2008	395,541	$28.77	$(1,689)
Exercised	(18,917)	$26.66	
Lapsed or canceled	(24,440)	$30.89	
Outstanding at December 31, 2009 ($26.25 – $45.47)	352,184	$28.74	
Exercised	(55,508)	$27.10	
Lapsed or canceled	(1,000)	$26.75	
Outstanding at December 31, 2010 ($26.31 – $45.47)	295,676	$29.05	$ 1,186
Options exercisable at December 31, 2009	352,184		$ 2,055
Options exercisable at December 31, 2010	295,676		$ 1,186
Available for grant at December 31, 2009	3,824,270		
Available for grant at December 31, 2010	2,425,073		

Cash received from options exercised under all stock option plans was $1.5 million, $504,000 and $2.3 million for the years ended December 31, 2010, 2009 and 2008 respectively. The total intrinsic value of options exercised during the years ended December 31, 2010, 2009 and 2008 was $349,000, $123,000 and $832,000, respectively. The Company has a policy of issuing new shares to satisfy stock option exercises.

The Company recognized no stock options expense for the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010, the Company had $4.3 million of total unrecognized compensation cost related to unvested stock compensation granted under the Company's stock compensation plans. That cost is expected to be recognized over a weighted average period of 1.8 years.

STOCK COMPENSATION

The Company has issued stock awards ("Restricted Stock Awards") to officers, certain other employees, and nonemployee members of the Board of Directors of the Company, which allow the holders to each receive a certain amount of shares of the Company's common stock generally over a one to seven-year vesting period, of which 239,759 unvested shares were outstanding at December 31, 2010. Of the outstanding Restricted Stock Awards issued to executive officers and senior management, 137,932 are contingent upon the Company meeting certain performance goals to be set by the Executive Compensation and Option Committee of the Board of Directors of the Company each year, with the remaining based on time and service. All Restricted Stock Awards provided to the officers and certain other employees were issued under the 2004 Incentive Stock Plan, 2000 Employee Plan and the Employee Plan. Restricted Stock Awards provided to directors were issued under the 2004 Incentive Stock Plan and the 2000 Director Plan.

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Information regarding the Restricted Stock Awards is summarized below:

	Shares	Weighted-Average Grant – Date Fair Value
Outstanding at January 1, 2008	170,811	$ 35.32
Granted (a)	374,529	$ 30.72
Vested	(168,634)	$ 27.01
Forfeited	(1,700)	$ 35.13
Outstanding at December 31, 2008	375,006	$ 34.46
Granted (b)	83,337	$ 32.27
Vested	(132,255)	$ 27.55
Forfeited	(3,000)	$ 49.61
Outstanding at December 31, 2009	323,088	$ 36.58
Granted (c)	111,127	$ 32.10
Vested	(170,978)	$ 34.74
Forfeited	(23,478)	$ 35.70
Outstanding at December 31, 2010	239,759	$ 35.90

(a) Included in the 374,529 Restricted Stock Awards granted in 2008 were 322,609 awards granted to the Company's five executive officers, Mitchell E. Hersh, Barry Lefkowitz, Roger W. Thomas, Michael Grossman and Mark Yeager.
(b) Included in the 83,337 Restricted Stock Awards granted in 2009 were 61,667 awards granted to the Company's five executive officers, Mitchell E. Hersh, Barry Lefkowitz, Roger W. Thomas, Michael Grossman and Mark Yeager.
(c) Included in the 111,127 Restricted Stock Awards granted in 2010 were 51,970 awards granted to the Company's four executive officers, Mitchell E. Hersh, Barry Lefkowitz, Roger W. Thomas and Michael Grossman.

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

During the years ended December 31, 2010, 2009 and 2008, 12,563, 15,082 and 12,889 deferred stock units were earned, respectively. As of December 31, 2010 and 2009, there were 84,236 and 71,848 director stock units outstanding, respectively.

EARNINGS PER SHARE
Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

The following information presents the Company's results for the years ended December 31, 2010, 2009 and 2008 in accordance with ASC 260, Earning Per Share: (dollars in thousands)

	Year Ended December 31,		
Computation of Basic EPS	2010	2009	2008
Income from continuing operations	$58,750	$80,308	$65,390
Add: Noncontrolling interest in consolidated joint ventures	262	943	664
Deduct: Noncontrolling interest in operating partnership	(8,133)	(12,550)	(11,911)
Deduct: Preferred stock dividends	(2,000)	(2,000)	(2,000)
Income from continuing operations available to common shareholders	48,879	66,701	52,143
Income (loss) from discontinued operations available to common shareholders	4,021	(14,133)	(417)
Net income available to common shareholders	52,900	52,568	$51,726
Weighted average common shares	79,224	74,318	65,489
Basic EPS:			
Income from continuing operations available to common shareholders	$0.62	$0.90	$0.79
Income (loss) from discontinued operations available to common shareholders	0.05	(0.19)	--
Net income available to common shareholders	$0.67	$0.71	$0.79

	Year Ended December 31,		
Computation of Diluted EPS	2010	2009	2008
Income from continuing operations available to common shareholders	$48,879	$66,701	$52,143
Add: Income from continuing operations attributable to common units	8,133	12,550	11,911
Income from continuing operations for diluted earnings per share	57,012	79,251	64,054
Income (loss) from discontinued operations for diluted earnings per share	4,689	(16,580)	(511)
Net income available to common shareholders	$61,701	$62,671	$63,543
Weighted average common shares	92,477	88,389	80,648
Diluted EPS:			
Income from continuing operations available to common shareholders	$0.62	$0.90	$0.79
Income (loss) from discontinued operations available to common shareholders	0.05	(0.19)	--
Net income available to common shareholders	$0.67	$0.71	$0.79

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

	Year Ended December 31,		
	2010	2009	2008
Basic EPS shares	79,224	74,318	65,489
Add:Operating Partnership – common units	13,149	14,028	14,915
Stock options	44	1	95

Restricted Stock Awards	60	42	149
Diluted EPS Shares	92,477	88,389	80,648

Not included in the computations of diluted EPS were 15,000, 307,184 and 10,000 stock options as such securities were anti-dilutive during the years ended December 31, 2010, 2009 and 2008, respectively. Unvested restricted stock outstanding as of December 31, 2010, 2009 and 2008 were 239,759, 323,088 and 375,006, respectively.

The following are dividends declared for share of Common Stock for the years ended December 31, 2010, 2009 and 2008.

	Year Ended December 31,		
	2010	2009	2008
Dividends declared per common share	$1.80	$1.80	$2.56

16. NONCONTROLLING INTERESTS IN SUBSIDIARIES

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

OPERATING PARTNERSHIP

Preferred Units
In connection with the Company’s issuance of $25 million of Series C cumulative redeemable perpetual preferred stock, the Company acquired from the Operating Partnership $25 million of Series C Preferred Units (the “Series C Preferred Units”), which have terms essentially identical to the Series C preferred stock. See Note 15: Mack-Cali Realty Corporation Stockholders’ Equity – Preferred Stock.

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

Unit Transactions

The following table sets forth the changes in noncontrolling interests in subsidiaries which relate to the common units in the Operating Partnership for the years ended December 31, 2010, 2009 and 2008: (dollars in thousands)

	Common Units
Balance at January 1, 2008	14,985,538
Redemption of common units for shares of common stock	(547,807)
Balance at December 31, 2008	14,437,731
Redemption of common units for shares of common stock	(942,695)
Balance at December 31, 2009	13,495,036
Redemption of common units for shares of common stock	(487,368)
Balance at December 31, 2010	13,007,668

Pursuant to ASC 810, Consolidation, on the accounting and reporting for noncontrolling interests and changes in ownership interests of a subsidiary, changes in a parent's ownership interest (and transactions with noncontrolling interest unitholders in the subsidiary) while the parent retains its controlling interest in its subsidiary should be accounted for as equity transactions. The carrying amount of the noncontrolling interest shall be adjusted to reflect the change in its ownership interest in the subsidiary, with the offset to equity attributable to the parent. Accordingly, as a result of equity transactions which caused changes in ownership percentages between Mack-Cali Realty Corporation stockholders' equity and noncontrolling interests in the Operating Partnership that occurred during the year ended December 31, 2010, the Company has increased noncontrolling interests in the Operating Partnership and decreased additional paid-in capital in Mack-Cali Realty Corporation stockholders' equity by approximately $0.3 million as of December 31, 2010.

NONCONTROLLING INTEREST OWNERSHIP

As of December 31, 2010 and 2009, the noncontrolling interest common unitholders owned 14.0 percent and 14.6 percent of the Operating Partnership, respectively.

CONSOLIDATED JOINT VENTURES

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

17. SEGMENT REPORTING

The Company operates in two business segments: (i) real estate and (ii) construction services. The Company provides leasing, property and facilities management, acquisition, development, construction and tenant-related services for its portfolio. In May 2006, in conjunction with the Company's acquisition of the Gale Company and related businesses, the Company acquired a business specializing solely in construction and related services whose operations comprise the Company's construction services segment. The Company had no revenues from foreign countries recorded for the years ended December 31, 2010, 2009 and 2008. The Company had no long lived assets in foreign locations as of December 31, 2010, 2009 and 2008. The accounting policies of the segments are the same as those described in Note 2: Significant Accounting Policies, excluding depreciation and amortization.

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

Selected results of operations for the years ended December 31, 2010, 2009 and 2008 and selected asset information as of December 31, 2010 and 2009 regarding the Company's operating segments are as follows: (dollars in thousands)

	Real Estate	Construction Services	Corporate & Other (d)	Total Company	
Total revenues:					
2010	$ 726,394	$63,703	$ (2,617)	$ 787,480	
2009	733,287	31,207	(5,569)	758,925	
2008	728,970	58,105	(14,295)	772,780	
Total operating and interest expenses (a):					
2010	$ 284,694	$63,141	$ 178,730	$ 526,565	(e)
2009	270,906	31,816	171,296	474,018	(f)
2008	265,476	56,629	162,110	484,215	(g)
Equity in earnings (loss) of unconsolidated joint ventures:					
2010	$ 2,276	----		$ 2,276	
2009	(5,560)	----		(5,560)	
2008	(39,752)	----		(39,752)	
Net operating income (loss) (b):					
2010	$ 443,976	$ 562	$(181,347)	$ 263,191	(e)
2009	456,821	(609)	(176,865)	279,347	(f)
2008	423,742	1,476	(176,405)	248,813	(g)
Total assets:					
2010	$4,332,408	$13,929	$ 16,129	$4,362,466	
2009	4,512,974	$12,015	196,648	4,721,637	
Total long-lived assets (c):					
2010	$4,096,242	--	$ 2,630	$4,098,872	
2009	4,189,276	--	(1,142)	4,188,134	

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

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

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

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

(e) Excludes $191,168 of depreciation and amortization and $9,521 of impairment charge on rental property.
(f) Excludes $200,732 of depreciation and amortization.
(g) Excludes $192,957 of depreciation and amortization.

18. RELATED PARTY TRANSACTIONS

William L. Mack, Chairman of the Board of Directors of the Company, David S. Mack, a director of the Company, and Earle I. Mack, a former director of the Company, are the executive officers, directors and stockholders of a corporation that leases approximately 7,801 square feet at one of the Company's office properties, which is scheduled to expire in November 2011. The Company has recognized $250,000, $255,000 and $258,000 in revenue under this lease for the years ended December 31, 2010, 2009 and 2008, respectively, and had $0 in accounts receivable from the corporation as of December 31, 2010 and 2009.

The Company has conducted business with certain entities ("RMC Entity" or "RMC Entities"), whose principals include Timothy M. Jones (a former president of the Company), Martin S. Berger (former member of the Company's Board of Directors) and Robert F. Weinberg (current member of the Company's Board of Directors). In connection with the Company's acquisition of 65 Class A properties from The Robert Martin Company ("Robert Martin") on January 31, 1997, as subsequently modified, the Company granted Robert Martin the right to designate one seat on the Company's Board of Directors ("RM Board Seat"), which right has since expired. The RM Board Seat had historically been shared between Robert F. Weinberg and Martin S. Berger, each of whom had agreed that, for so long as either of them serves on the Board of Directors, that such board seat would be rotated among Mr. Berger and Mr. Weinberg annually at the time of each annual meeting of stockholders. At the Company's 2003 annual meeting of stockholders, Mr. Berger was elected to the Board of Directors and he continued to share his board seat with Mr. Weinberg. At the Company's 2006 annual meeting of stockholders, Mr. Weinberg was elected to the Board of Directors and he continued to share his board seat with Mr. Berger. At the Company's 2009 annual meeting of stockholders, Mr. Berger was elected to the Board of Directors and he continues to share his board seat with Mr. Weinberg. The business that the Company has conducted with RMC Entities was as follows:

(1) The Company provides management, leasing and construction-related services to properties in which RMC Entities have an ownership interest. The Company recognized approximately $1.4 million, $1.6 million and $2.5 million in revenue from RMC Entities for the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010 and 2009, respectively, the Company had $75,000 and $0 in accounts receivable from RMC Entities.

(2) An RMC Entity leases space at one of the Company's office properties for approximately 4,860 square feet on a month-to-month basis. The Company has recognized $137,000, $140,000 and $133,000, in revenue under this lease for the years ended December 31, 2010, 2009 and 2008, respectively, and had $0 and $500 accounts receivable due from the RMC Entity, as of December 31, 2010 and 2009, respectively.

The Company provides administrative support and related services to John J. Cali, who served as the Chairman Emeritus and a Board member of the Company, for which it was reimbursed $101,000, $115,000 and $153,000 from Mr. Cali for the years ended December 31, 2010, 2009 and 2008, respectively. An affiliate of Mr. Cali has leases totaling 2,631 square feet of space at one of the Company's office properties, which are scheduled to expire at the end of 2011. The Company recognized approximately $68,000, $68,000 and $67,000 in total revenue under the leases for the years ended December 31, 2010, 2009 and 2008, respectively, and had $17,000 and $0 in accounts receivable from the affiliate as of December 31, 2010 and 2009.

19. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

FASB Accounting Standards Update No. 2010-02, Consolidation (Topic 810), Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification

The objective of this Update is to address implementation issues related to the changes in ownership provisions in the Consolidation—Overall Subtopic (Subtopic 810-10) of the FASB Accounting Standards Codification™, originally issued as FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements. Subtopic 810-10 establishes the accounting and reporting guidance for noncontrolling interests and changes in ownership interests of a subsidiary. An entity is required to deconsolidate a subsidiary when the entity ceases to have a controlling financial interest in the subsidiary. Upon deconsolidation of a subsidiary, an entity recognizes a gain or loss on the transaction and measures any retained investment in the subsidiary at fair value. The gain or loss includes any gain or loss associated with the difference between the fair value of the retained investment in the subsidiary and its carrying amount at the date the subsidiary is deconsolidated. In contrast, an entity is required to account for a decrease in its ownership interest of a subsidiary that does not result in a change of control of the subsidiary as an equity transaction.

This Update provides amendments to Subtopic 810-10 and related guidance within U.S. GAAP to clarify that the scope of the decrease in ownership provisions of the Subtopic and related guidance applies to the following:

1. A subsidiary or group of assets that is a business or nonprofit activity
2. A subsidiary that is a business or nonprofit activity that is transferred to an equity method investee or joint venture
3. An exchange of a group of assets that constitutes a business or nonprofit activity for a noncontrolling interest in an entity (including an equity method investee or joint venture).

The amendments in this Update also clarify that the decrease in ownership guidance in Subtopic 810-10 does not apply to the following transactions even if they involve businesses:

1. Sales of in substance real estate. Entities should apply the sale of real estate guidance in Subtopics 360-20 (Property, Plant, and Equipment) and 976-605 (Retail/Land) to such transactions.
2. Conveyances of oil and gas mineral rights. Entities should apply the mineral property conveyance and related transactions guidance in Subtopic 932-360 (Oil and Gas—Property, Plant, and Equipment) to such transactions.

If a decrease in ownership occurs in a subsidiary that is not a business or nonprofit activity, an entity first needs to consider whether the substance of the transaction causing the decrease in ownership is addressed in other U.S. GAAP, such as transfers of financial assets, revenue recognition, exchanges of nonmonetary assets, sales of in substance real estate, or conveyances of oil and gas mineral rights, and apply that guidance as applicable. If no other guidance exists, an entity should apply the guidance in Subtopic 810-10.

The amendments in this Update expand the disclosures about the deconsolidation of a subsidiary or derecognition of a group of assets within the scope of Subtopic 810-10. In addition to existing disclosures, an entity should disclose the following for such a deconsolidation or derecognition:

1. The valuation techniques used to measure the fair value of any retained investment in the former subsidiary or group of assets and information that enables users of its financial statements to assess the inputs used to develop the measurement

2. The nature of continuing involvement with the subsidiary or entity acquiring the group of assets after it has been deconsolidated or derecognized

3. Whether the transaction that resulted in the deconsolidation of the subsidiary or the derecognition of the group of assets was with a related party or whether the former subsidiary or entity acquiring the group of assets will be a related party after deconsolidation.

An entity also should disclose the valuation techniques used to measure an equity interest in an acquiree held by the entity immediately before the acquisition date in a business combination achieved in stages.

The amendments in this Update are effective beginning in the period that an entity adopts Statement 160 (now included in Subtopic 810-10). If an entity has previously adopted Statement 160 as of the date the amendments in this Update are included in the Accounting Standards Codification, the amendments in this Update are effective beginning in the first interim or annual reporting period ending on or after December 15, 2009. The amendments in this Update should be applied retrospectively to the first period that an entity adopted Statement 160. The adoption of this Update did not have a material impact on the Company’s financial position, results of operations and disclosures contained in its financial statements.

20. CONDENSED QUARTERLY FINANCIAL INFORMATION (unaudited)

The following summarizes the condensed quarterly financial information for the Company: (dollars in thousands)

Quarter Ended 2010	December 31	September 30	June 30	March 31
Total revenues	$192,156	$197,956	$202,785	$194,583
Operating and other expenses	67,913	73,089	70,394	70,668
Direct construction costs	12,667	15,884	21,411	10,293
General and administrative	8,939	8,992	8,658	8,414
Depreciation and amortization	47,226	47,978	47,474	48,490
Impairment charge on rental property	9,521	--	--	--
Total expenses	146,266	145,943	147,937	137,865
Operating Income	45,890	52,013	54,848	56,718
Interest expense	(35,982)	(36,941)	(37,335)	(39,071)
Interest and other investment income	13	34	18	21
Equity in earnings (loss) of unconsolidated joint ventures	2,063	475	260	(522)
Loss from early extinguishment of debt	(3,752)	--	--	--
Gain on reduction of other obligations	--	--	--	--
Total other (expense) income	(37,658)	(36,432)	(37,057)	(39,572)
Income (loss) from continuing operations	8,232	15,581	17,791	17,146
Discontinued operations:				
Income (loss) from discontinued operations	--	--	11	231
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	--	4,447	--
Total discontinued operations, net	--	--	4,458	231
Net income (loss)	8,232	15,581	22,249	17,377
Noncontrolling interest in consolidated joint ventures	(19)	108	86	87
Noncontrolling interest in Operating Partnership	(1,086)	(2,150)	(2,475)	(2,422)
Noncontrolling interest in discontinued operations	--	--	(635)	(33)
Preferred stock dividends	(500)	(500)	(500)	(500)
Net income (loss) available to common shareholders	$ 6,627	$ 13,039	$ 18,725	$ 14,509
Basic earnings per common share:				
Income (loss) from continuing operations	$ 0.09	$ 0.16	$ 0.19	$ 0.18
Discontinued operations	--	--	0.05	--
Net income (loss) available to common shareholders	$ 0.09	$ 0.16	$ 0.24	$ 0.18
Diluted earnings per common share:				
Income (loss) from continuing operations	$ 0.09	$ 0.16	$ 0.19	$ 0.18
Discontinued operations	--	--	0.05	--
Net income (loss) available to common shareholders	$ 0.09	$ 0.16	$ 0.24	$ 0.18

Dividends declared per common share	$ 0.45	$ 0.45	$ 0.45	$ 0.45

Quarter Ended 2009	December 31	September 30	June 30	March 31
Total revenues	$ 193,669	$ 192,147	$ 187,823	$ 185,286
Operating and other expenses	70,950	65,989	65,868	71,611
Direct construction costs	4,976	7,337	4,296	3,714
General and administrative	9,255	9,816	10,651	10,057
Depreciation and amortization	52,272	51,377	49,240	47,843
Impairment charge on rental property	--	--	--	--
Total expenses	137,453	134,519	130,055	133,225
Operating Income	56,216	57,628	57,768	52,061
Interest expense	(38,623)	(35,744)	(33,205)	(32,496)
Interest and other investment income	21	166	187	196
Equity in earnings (loss) of unconsolidated joint ventures	841	635	(1,922)	(5,114)
Gain on sale of investment in marketable securities	--	--	--	--
Gain on reduction of other obligations	--	--	1,693	--
Total other (expense) income	(37,761)	(34,943)	(33,247)	(37,414)
Income (loss) from continuing operations	18,455	22,685	24,521	14,647
Discontinued operations:				
Income (loss) from discontinued operations	(175)	104	104	(50)
Realized gains (losses) and unrealized losses on disposition of rental property, net	(16,563)	--	--	--
Total discontinued operations, net	(16,738)	104	104	(50)
Net income (loss)	1,717	22,789	24,625	14,597
Noncontrolling interest in consolidated joint ventures	(37)	213	135	632
Noncontrolling interest in Operating Partnership	(2,645)	(3,399)	(3,869)	(2,637)
Noncontrolling interest in discontinued operations	2,471	(16)	(17)	9
Preferred stock dividends	(500)	(500)	(500)	(500)
Net income (loss) available to common shareholders	$ 1,006	$ 19,087	$ 20,374	$ 12,101
Basic earnings per common share:				
Income (loss) from continuing operations	$ 0.20	$ 0.24	$ 0.28	$ 0.18
Discontinued operations	(0.19)	--	--	--
Net income (loss) available to common shareholders	$ 0.01	$ 0.24	$ 0.28	$ 0.18
Diluted earnings per common share:				
Income (loss) from continuing operations	$ 0.20	$ 0.24	$ 0.28	$ 0.18
Discontinued operations	(0.19)	--	--	--
Net income (loss) available to common shareholders	$ 0.01	$ 0.24	$ 0.28	$ 0.18
Dividends declared per common share	$ 0.45	$ 0.45	$ 0.45	$ 0.45

MACK-CALI REALTY CORPORATION
REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION
December 31, 2010
(dollars in thousands)

SCHEDULE III

				Initial Costs		Costs Capitalized	Gross Amount at Which Carried at Close of Period (a)			
Property Location (b)	Year Built	Acquired	Related Encumbrances	Land	Building and Improvements	Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation (c)
NEW JERSEY										
Bergen County										
Fair Lawn										
17-17 Rte 208 North (O)	1987	1995	--	$ 3,067	$ 19,415	$ 3,368	$ 3,067	$ 22,783	$ 25,850	$ 8,317
Fort Lee										
One Bridge Plaza (O)	1981	1996	--	2,439	24,462	6,107	2,439	30,569	33,008	10,520
2115 Linwood Avenue (O)	1981	1998	--	474	4,419	4,473	474	8,892	9,366	2,453
Little Ferry										
200 Riser Road (O)	1974	1997	--	3,888	15,551	769	3,888	16,320	20,208	5,626
Lyndhurst										
210 Clay Avenue (O)	1978	2009	$ 11,467	2,300	11,189	(1)	2,300	11,188	13,488	814
Montvale										
95 Chestnut Ridge Road (O)	1975	1997	--	1,227	4,907	209	1,227	5,116	6,343	1,679
135 Chestnut Ridge Road (O)	1981	1997	--	2,587	10,350	2,318	2,588	12,667	15,255	4,967
Paramus										
15 East Midland Avenue (O)	1988	1997	13,000	10,375	41,497	663	10,374	42,161	52,535	13,624
140 East Ridgewood Avenue (O)	1981	1997	12,250	7,932	31,463	5,905	7,932	37,368	45,300	11,782
461 From Road (O)	1988	1997	--	13,194	52,778	264	13,194	53,042	66,236	17,347
650 From Road (O)	1978	1997	23,500	10,487	41,949	6,454	10,487	48,403	58,890	16,700
	1985	1997	23,000	9,005	36,018	6,569	9,005	42,587	51,592	14,239

61 South Paramus Road (O) (d)										
Rochelle Park										
120 West Passaic Street (O)	1972	1997	--	1,354	5,415	103	1,357	5,515	6,872	1,830
365 West Passaic Street (O)	1976	1997	12,250	4,148	16,592	3,666	4,148	20,258	24,406	6,619
395 West Passaic Street (O)	1979	2006	11,270	2,550	17,131	755	2,550	17,886	20,436	3,165
Upper Saddle River										
1 Lake Street (O)	1994	1997	42,000	13,952	55,812	1,365	13,953	57,176	71,129	18,235
10 Mountainview Road (O)	1986	1998	--	4,240	20,485	2,784	4,240	23,269	27,509	8,083
Woodcliff Lake										
400 Chestnut Ridge Road (O)	1982	1997	--	4,201	16,802	5,080	4,201	21,882	26,083	8,505
470 Chestnut Ridge Road (O)	1987	1997	--	2,346	9,385	1,515	2,346	10,900	13,246	3,509
530 Chestnut Ridge Road (O)	1986	1997	--	1,860	7,441	126	1,860	7,567	9,427	2,470
50 Tice Boulevard (O)	1984	1994	24,000	4,500	--	24,999	4,500	24,999	29,499	15,061
300 Tice Boulevard (O)	1991	1996	--	5,424	29,688	4,966	5,424	34,654	40,078	11,796
Burlington County										
Burlington										
3 Terri Lane (F)	1991	1998	--	652	3,433	1,983	658	5,410	6,068	2,017
5 Terri Lane (F)	1992	1998	--	564	3,792	2,232	569	6,019	6,588	2,105
Moorestown										
2 Commerce Drive (F)	1986	1999	--	723	2,893	741	723	3,634	4,357	1,084
101 Commerce Drive (F)	1988	1998	--	422	3,528	436	426	3,960	4,386	1,341
102 Commerce Drive (F)	1987	1999	--	389	1,554	311	389	1,865	2,254	641
201 Commerce Drive (F)	1986	1998	--	254	1,694	480	258	2,170	2,428	814
202 Commerce Drive (F)	1988	1999	--	490	1,963	774	490	2,737	3,227	926
1 Executive Drive (F)	1989	1998	--	226	1,453	586	228	2,037	2,265	808
2 Executive Drive (F)	1988	2000	--	801	3,206	960	801	4,166	4,967	1,396
101 Executive Drive (F)	1990	1998	--	241	2,262	713	244	2,972	3,216	1,094
102 Executive Drive (F)	1990	1998	--	353	3,607	370	357	3,973	4,330	1,273
225 Executive Drive (F)	1990	1998	--	323	2,477	485	326	2,959	3,285	1,036

97 Foster Road (F)	1982	1998	--	208	1,382	392	211	1,771	1,982	606
1507 Lancer Drive (F)	1995	1998	--	119	1,106	51	120	1,156	1,276	390
1245 North Church Street (F)	1998	2001	--	691	2,810	103	691	2,913	3,604	733
1247 North Church Street (F)	1998	2001	--	805	3,269	204	805	3,473	4,278	923

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MACK-CALI REALTY CORPORATION
REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION
December 31, 2010
(dollars in thousands)

SCHEDULE III

Property Location (b)	Year Built	Acquired	Related Encumbrances	Initial Costs Land	Initial Costs Building and Improvements	Costs Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (a) Land	Building and Improvements	Total	Accumulated Depreciation (c)
1256 North Church Street (F)	1984	1998	--	354	3,098	307	357	3,402	3,759	1,224
840 North Lenola Road (F)	1995	1998	--	329	2,366	513	333	2,875	3,208	1,082
844 North Lenola Road (F)	1995	1998	--	239	1,714	346	241	2,058	2,299	823
915 North Lenola Road (F)	1998	2000	--	508	2,034	267	508	2,301	2,809	626
224 Strawbridge Drive (O)	1984	1997	--	766	4,335	3,209	767	7,543	8,310	2,550
228 Strawbridge Drive (O)	1984	1997	--	766	4,334	3,945	767	8,278	9,045	2,274
232 Strawbridge Drive (O)	1986	2004	--	1,521	7,076	1,936	1,521	9,012	10,533	2,001
2 Twosome Drive (F)	2000	2001	--	701	2,807	157	701	2,964	3,665	682
30 Twosome Drive (F)	1997	1998	--	234	1,954	490	236	2,442	2,678	859
31 Twosome Drive (F)	1998	2001	--	815	3,276	179	815	3,455	4,270	880
40 Twosome Drive (F)	1996	1998	--	297	2,393	313	301	2,702	3,003	1,032
41 Twosome Drive (F)	1998	2001	--	605	2,459	69	605	2,528	3,133	647
50 Twosome Drive (F)	1997	1998	--	301	2,330	92	304	2,419	2,723	831
Gloucester County										
West Deptford										
1451 Metropolitan Drive			--	203	1,189	30	206	1,216	1,422	420

Essex County										
Millburn										
150 J.F. Kennedy Parkway (O)	1980	1997	--	12,606	50,425	8,743	12,606	59,168	71,774	22,137
Roseland										
4 Becker Farm Road (O)	1983	2009	37,096	5,600	38,285	489	5,600	38,774	44,374	2,318
5 Becker Farm Road (O)	1982	2009	11,599	2,400	11,885	51	2,400	11,936	14,336	819
6 Becker Farm Road (O)	1983	2009	13,392	2,600	15,548	362	2,600	15,910	18,510	988
101 Eisenhower Parkway (O)	1980	1994	--	228	--	16,355	228	16,355	16,583	10,709
103 Eisenhower Parkway (O)	1985	1994	--	--	--	14,645	2,300	12,345	14,645	7,259
105 Eisenhower Parkway (O)	2001	2001	--	4,430	42,898	6,986	3,835	50,479	54,314	16,849
75 Livingston Avenue (O)	1985	2009	10,250	1,900	6,312	161	1,900	6,473	8,373	658
85 Livingston Avenue (O)	1985	2009	14,349	2,500	14,238	74	2,500	14,312	16,812	871
Hudson County										
Jersey City										
Harborside Financial Center Plaza 1 (O)	1983	1996	--	3,923	51,013	27,528	3,923	78,541	82,464	24,158
Harborside Financial Center Plaza 2 (O)	1990	1996	--	17,655	101,546	19,559	15,070	123,690	138,760	44,655
Harborside Financial Center Plaza 3 (O)	1990	1996	--	17,655	101,878	19,227	15,070	123,690	138,760	44,655
Harborside Financial Center Plaza 4A (O)	2000	2000	--	1,244	56,144	8,740	1,244	64,884	66,128	19,657
Harborside Financial Center Plaza 5 (O)	2002	2002	234,521	6,218	170,682	53,469	5,705	224,664	230,369	55,047
101 Hudson Street (O)	1992	2004	--	45,530	271,376	8,627	45,530	280,003	325,533	52,355
Mercer County										
Hamilton Township										
3 AAA Drive (O)	1981	2007	--	242	3,218	1,057	242	4,275	4,517	572
100 Horizon Center Boulevard (F)	1989	1995	--	205	1,676	223	311	1,793	2,104	726
	1991	1995	--	205	3,027	505	344	3,393	3,737	1,375

200 Horizon Drive (F)										
300 Horizon Drive (F)	1989	1995	--	379	4,355	1,637	517	5,854	6,371	2,736
500 Horizon Drive (F)	1990	1995	--	379	3,395	904	483	4,195	4,678	1,801
600 Horizon Drive (F)	2002	2002	--	--	7,549	651	685	7,515	8,200	1,519

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700 Horizon Drive (O)	2007	2007	--	490	43	16,492	865	16,160	17,025	1,572
2 South Gold Drive (O)	1974	2007	--	476	3,487	388	476	3,875	4,351	427
Princeton										
103 Carnegie Center (O)	1984	1996	--	2,566	7,868	3,059	2,566	10,927	13,493	4,157
2 Independence Way (O)	1985	2009	--	1,300	7,246	125	1,300	7,371	8,671	535
3 Independence Way (O)	1983	1997	--	1,997	11,391	3,396	1,997	14,787	16,784	5,310
100 Overlook Center (O)	1988	1997	--	2,378	21,754	4,889	2,378	26,643	29,021	10,383
5 Vaughn Drive (O)	1987	1995	--	657	9,800	2,631	657	12,431	13,088	5,461
Middlesex County										
East Brunswick										
377 Summerhill Road (O)	1977	1997	--	649	2,594	457	649	3,051	3,700	1,061
Edison										
343 Thornall Street (O)	1991	2006	--	6,027	39,101	4,746	6,027	43,847	49,874	7,709
Piscataway										
30 Knightsbridge Road, Building 3 (O)	1977	2004	--	1,030	7,269	345	1,034	7,610	8,644	1,252
30 Knightsbridge Road, Building 4 (O)	1977	2004	--	1,433	10,121	384	1,429	10,509	11,938	1,727
30 Knightsbridge Road, Building 5 (O)	1977	2004	--	2,979	21,035	10,595	2,979	31,630	34,609	7,026

30 Knightsbridge Road, Building 6 (O)	1977	2004	--	448	3,161	4,483	448	7,644	8,092	1,529
Plainsboro										
500 College Road East (O) (d)	1984	1998	--	614	20,626	1,769	614	22,395	23,009	7,481
Woodbridge										
581 Main Street (O)	1991	1997	16,627	3,237	12,949	24,764	8,115	32,835	40,950	10,798
Monmouth County										
Freehold										
2 Paragon Way (O)	1989	2005	--	999	4,619	941	999	5,560	6,559	1,055
3 Paragon Way (O)	1991	2005	--	1,423	6,041	1,939	1,423	7,980	9,403	1,621
4 Paragon Way (O)	2002	2005	--	1,961	8,827	(469)	1,961	8,358	10,319	1,340
100 Willowbrook Road (O)	1988	2005	--	1,264	5,573	984	1,264	6,557	7,821	1,373
Holmdel										
23 Main Street (O)	1977	2005	31,537	4,336	19,544	8,903	4,336	28,447	32,783	6,488
Middletown										
One River Center, Building 1 (O)	1983	2004	11,408	3,070	17,414	2,739	2,451	20,772	23,223	4,713
One River Center, Building 2 (O)	1983	2004	12,797	2,468	15,043	1,516	2,452	16,575	19,027	2,753
One River Center, Building 3 (O)	1984	2004	20,336	4,051	24,790	4,798	4,627	29,012	33,639	4,722
Neptune										
3600 Route 66 (O)	1989	1995	--	1,098	18,146	1,483	1,098	19,629	20,727	7,286
Wall Township										
1305 Campus Parkway (O)	1988	1995	--	335	2,560	617	291	3,221	3,512	1,361
1325 Campus Parkway (F)	1988	1995	--	270	2,928	789	270	3,717	3,987	1,766
1340 Campus Parkway (F)	1992	1995	--	489	4,621	1,934	489	6,555	7,044	2,547
1345 Campus Parkway (F)	1995	1997	--	1,023	5,703	1,523	1,024	7,225	8,249	2,765
1350 Campus Parkway (O)	1990	1995	--	454	7,134	1,382	454	8,516	8,970	3,499
1433 Highway 34 (F)	1985	1995	--	889	4,321	1,227	889	5,548	6,437	2,295

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1320 Wyckoff Avenue (F)	1986	1995	--	255	1,285	259	216	1,583	1,799	539
1324 Wyckoff Avenue (F)	1987	1995	--	230	1,439	239	190	1,718	1,908	687
Morris County										
Florham Park										
325 Columbia Parkway (O)	1987	1994	--	1,564	--	15,634	1,564	15,634	17,198	8,696
Morris Plains										
250 Johnson Road (O)	1977	1997	--	2,004	8,016	1,175	2,004	9,191	11,195	3,403
201 Littleton Road (O)	1979	1997	--	2,407	9,627	1,245	2,407	10,872	13,279	3,720
Morris Township										
412 Mt. Kemble Avenue (O)	1985	2004	--	4,360	33,167	11,684	4,360	44,851	49,211	8,963
Parsippany										
4 Campus Drive (O)	1983	2001	--	5,213	20,984	2,938	5,213	23,922	29,135	6,314
6 Campus Drive (O)	1983	2001	--	4,411	17,796	3,496	4,411	21,292	25,703	5,996
7 Campus Drive (O)	1982	1998	--	1,932	27,788	5,260	1,932	33,048	34,980	9,896
8 Campus Drive (O)	1987	1998	--	1,865	35,456	4,042	1,865	39,498	41,363	13,927
9 Campus Drive (O)	1983	2001	--	3,277	11,796	17,066	5,842	26,297	32,139	7,303
4 Century Drive (O)	1981	2004	--	1,787	9,575	1,679	1,787	11,254	13,041	2,255
5 Century Drive (O)	1981	2004	--	1,762	9,341	2,263	1,762	11,604	13,366	1,889
	1981	2004	--	1,289	6,848	3,403	1,289	10,251	11,540	3,118

6 Century Drive (O)										
2 Dryden Way (O)	1990	1998	--	778	420	110	778	530	1,308	171
4 Gatehall Drive (O)	1988	2000	--	8,452	33,929	4,123	8,452	38,052	46,504	10,929
2 Hilton Court (O)	1991	1998	--	1,971	32,007	5,570	1,971	37,577	39,548	12,108
1633 Littleton Road (O)	1978	2002	--	2,283	9,550	163	2,355	9,641	11,996	2,871
600 Parsippany Road (O)	1978	1994	--	1,257	5,594	2,882	1,257	8,476	9,733	3,801
1 Sylvan Way (O)	1989	1998	--	1,689	24,699	1,446	1,021	26,813	27,834	7,910
4 Sylvan Way (O)	1983	2009	14,395	2,400	13,486	--	2,400	13,486	15,886	849
5 Sylvan Way (O)	1989	1998	--	1,160	25,214	2,719	1,161	27,932	29,093	9,793
7 Sylvan Way (O)	1987	1998	--	2,084	26,083	2,091	2,084	28,174	30,258	10,251
22 Sylvan Way (O)	2009	2009	--	14,600	44,392	73	14,600	44,465	59,065	2,880
20 Waterview Boulevard (O)	1988	2009	23,232	4,500	27,246	327	4,500	27,573	32,073	2,177
35 Waterview Boulevard (O)	1990	2006	19,341	5,133	28,059	1,251	5,133	29,310	34,443	4,420
5 Wood Hollow Road (O)	1979	2004	--	5,302	26,488	12,267	5,302	38,755	44,057	8,280
Passaic County										
Clifton										
777 Passaic Avenue (O)	1983	1994	--	--	--	6,839	1,100	5,739	6,839	3,445
Totowa										
1 Center Court (F)	1999	1999	--	270	1,824	30	270	1,854	2,124	549
2 Center Court (F)	1998	1998	--	191	--	2,255	191	2,255	2,446	755
11 Commerce Way (F)	1989	1995	--	586	2,986	70	586	3,056	3,642	1,160
20 Commerce Way (F)	1992	1995	--	516	3,108	17	516	3,125	3,641	1,188
29 Commerce Way (F)	1990	1995	--	586	3,092	1,101	586	4,193	4,779	2,028
40 Commerce Way (F)	1987	1995	--	516	3,260	195	516	3,455	3,971	1,321
45 Commerce Way (F)	1992	1995	--	536	3,379	622	536	4,001	4,537	1,666
60 Commerce Way (F)	1988	1995	--	526	3,257	620	526	3,877	4,403	1,521
	1996	1996	--	227	--	1,167	227	1,167	1,394	416

80 Commerce Way (F)										
100 Commerce Way (F)	1996	1996	--	226	--	1,167	226	1,167	1,393	416
120 Commerce Way (F)	1994	1995	--	228	--	1,269	229	1,268	1,497	503
140 Commerce Way (F)	1994	1995	--	229	--	1,267	228	1,268	1,496	503
999 Riverview Drive (O)	1988	1995	--	476	6,024	2,320	1,102	7,718	8,820	3,090

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Somerset County										
Basking Ridge										
222 Mt. Airy Road (O)	1986	1996	--	775	3,636	2,909	775	6,545	7,320	2,415
233 Mt. Airy Road (O)	1987	1996	--	1,034	5,033	1,646	1,034	6,679	7,713	3,232
Bernards										
106 Allen Road (O)	2000	2000	--	3,853	14,465	4,116	4,093	18,341	22,434	7,944
Branchburg										
51 Imclone Drive (O)	1978	2009	3,893	1,900	3,475	(1)	1,900	3,474	5,374	222
Bridgewater										
440 Route 22 East (O)	1990	2010	11,000	3,986	13,658	3,142	3,986	16,800	20,786	33
721 Route 202/206 (O)	1989	1997	--	6,730	26,919	8,666	6,730	35,585	42,315	11,830
Warren										
10 Independence Boulevard (O)	1988	2009	15,606	2,300	15,499	25	2,300	15,524	17,824	1,077
Union County										
Clark										
100 Walnut Avenue (O)	1985	1994	19,443	--	--	17,228	1,822	15,406	17,228	9,431
Cranford										
6 Commerce Drive (O)	1973	1994	--	250	--	3,082	250	3,082	3,332	2,182
11 Commerce Drive (O)	1981	1994	--	470	--	5,840	470	5,840	6,310	4,290
12 Commerce Drive (O)	1967	1997	--	887	3,549	2,207	887	5,756	6,643	2,261
	1971	2003	--	1,283	6,344	1,096	1,283	7,440	8,723	1,480

14 Commerce Drive (O)										
20 Commerce Drive (O)	1990	1994	--	2,346	--	20,356	2,346	20,356	22,702	9,627
25 Commerce Drive (O)	1971	2002	--	1,520	6,186	565	1,520	6,751	8,271	2,177
65 Jackson Drive (O)	1984	1994	--	541	--	6,329	542	6,328	6,870	4,169
New Providence										
890 Mountain Road (O)	1977	1997	--	2,796	11,185	4,935	3,765	15,151	18,916	4,962
NEW YORK										
New York County										
New York										
125 Broad Street (O)	1970	2007	--	50,191	207,002	13,379	50,191	220,381	270,572	23,830
Rockland County										
Suffern										
400 Rella Boulevard (O)	1988	1995	--	1,090	13,412	2,980	1,090	16,392	17,482	6,603
Westchester County										
Elmsford										
11 Clearbrook Road (F)	1974	1997	--	149	2,159	479	149	2,638	2,787	999
75 Clearbrook Road (F)	1990	1997	--	2,314	4,716	107	2,314	4,823	7,137	1,691
100 Clearbrook Road (O)	1975	1997	--	220	5,366	1,354	220	6,720	6,940	2,294
125 Clearbrook Road (F)	2002	2002	--	1,055	3,676	(51)	1,055	3,625	4,680	1,416
150 Clearbrook Road (F)	1975	1997	--	497	7,030	1,126	497	8,156	8,653	2,869
175 Clearbrook Road (F)	1973	1997	--	655	7,473	917	655	8,390	9,045	3,083
200 Clearbrook Road (F)	1974	1997	--	579	6,620	1,246	579	7,866	8,445	2,907
250 Clearbrook Road (F)	1973	1997	--	867	8,647	1,309	867	9,956	10,823	3,452
50 Executive Boulevard (F)	1969	1997	--	237	2,617	312	237	2,929	3,166	1,046
77 Executive Boulevard (F)	1977	1997	--	34	1,104	155	34	1,259	1,293	449
85 Executive Boulevard (F)	1968	1997	--	155	2,507	624	155	3,131	3,286	1,226
101 Executive Boulevard (O)	1971	1997	--	267	5,838	792	267	6,630	6,897	2,372
	1970	1997	--	460	3,609	358	460	3,967	4,427	1,449

300 Executive
Boulevard (F)

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350 Executive Boulevard (F)	1970	1997	--	100	1,793	15	100	1,808	1,908	628
399 Executive Boulevard (F)	1962	1997	--	531	7,191	163	531	7,354	7,885	2,542
400 Executive Boulevard (F)	1970	1997	--	2,202	1,846	656	2,202	2,502	4,704	830
500 Executive Boulevard (F)	1970	1997	--	258	4,183	757	258	4,940	5,198	1,942
525 Executive Boulevard (F)	1972	1997	--	345	5,499	960	345	6,459	6,804	2,274
700 Executive Boulevard (L)	N/A	1997	--	970	--	--	970	--	970	--
555 Taxter Road (O)	1986	2000	--	4,285	17,205	5,197	4,285	22,402	26,687	7,197
565 Taxter Road (O)	1988	2000	--	4,285	17,205	3,715	4,233	20,972	25,205	6,748
570 Taxter Road (O)	1972	1997	--	438	6,078	1,277	438	7,355	7,793	2,447
1 Warehouse Lane (I) (d)	1957	1997	--	3	268	240	3	508	511	173
2 Warehouse Lane (I) (d)	1957	1997	--	4	672	113	4	785	789	290
3 Warehouse Lane (I) (d)	1957	1997	--	21	1,948	526	21	2,474	2,495	1,009
4 Warehouse Lane (I) (d)	1957	1997	--	84	13,393	2,660	85	16,052	16,137	5,955
5 Warehouse Lane (I) (d)	1957	1997	--	19	4,804	1,431	19	6,235	6,254	2,348
6 Warehouse Lane (I) (d)	1982	1997	--	10	4,419	1,858	10	6,277	6,287	1,661
1 Westchester Plaza (F)	1967	1997	--	199	2,023	386	199	2,409	2,608	770
	1968	1997	--	234	2,726	247	234	2,973	3,207	1,082

2 Westchester Plaza (F)										
3 Westchester Plaza (F)	1969	1997	--	655	7,936	1,148	655	9,084	9,739	3,175
4 Westchester Plaza (F)	1969	1997	--	320	3,729	915	320	4,644	4,964	1,448
5 Westchester Plaza (F)	1969	1997	--	118	1,949	525	118	2,474	2,592	812
6 Westchester Plaza (F)	1968	1997	--	164	1,998	124	164	2,122	2,286	748
7 Westchester Plaza (F)	1972	1997	--	286	4,321	220	286	4,541	4,827	1,566
8 Westchester Plaza (F)	1971	1997	--	447	5,262	971	447	6,233	6,680	2,309
Hawthorne										
200 Saw Mill River Road (F)	1965	1997	--	353	3,353	446	353	3,799	4,152	1,286
1 Skyline Drive (O)	1980	1997	--	66	1,711	301	66	2,012	2,078	758
2 Skyline Drive (O)	1987	1997	--	109	3,128	1,493	109	4,621	4,730	1,260
4 Skyline Drive (F)	1987	1997	--	363	7,513	2,443	363	9,956	10,319	3,583
5 Skyline Drive (F)	1980	2001	--	2,219	8,916	1,488	2,219	10,404	12,623	3,419
6 Skyline Drive (F)	1980	2001	--	740	2,971	636	740	3,607	4,347	1,205
7 Skyline Drive (O)	1987	1998	--	330	13,013	2,147	330	15,160	15,490	5,084
8 Skyline Drive (F)	1985	1997	--	212	4,410	1,038	212	5,448	5,660	1,937
10 Skyline Drive (F)	1985	1997	--	134	2,799	695	134	3,494	3,628	1,208
11 Skyline Drive (F) (d)	1989	1997	--	--	4,788	415	--	5,203	5,203	2,016
12 Skyline Drive (F) (d)	1999	1999	--	1,562	3,254	837	1,320	4,333	5,653	1,653
15 Skyline Drive (F) (d)	1989	1997	--	--	7,449	442	--	7,891	7,891	2,808
17 Skyline Drive (O) (d)	1989	1997	--	--	7,269	846	--	8,115	8,115	2,689
19 Skyline Drive (O)	1982	1997	--	2,355	34,254	1,189	2,356	35,442	37,798	12,481
Tarrytown										
200 White Plains Road (O)	1982	1997	--	378	8,367	1,679	378	10,046	10,424	3,545
220 White Plains Road (O)	1984	1997	--	367	8,112	1,450	367	9,562	9,929	3,432
230 White Plains Road (C)	1984	1997	--	124	1,845	107	124	1,952	2,076	663
White Plains										

1 Barker Avenue (O)	1975	1997	--	208	9,629	1,221	207	10,851	11,058	3,830
3 Barker Avenue (O)	1983	1997	--	122	7,864	2,060	122	9,924	10,046	4,074
50 Main Street (O)	1985	1997	--	564	48,105	10,067	564	58,172	58,736	20,489
11 Martine Avenue (O)	1987	1997	--	127	26,833	7,626	127	34,459	34,586	11,935
1 Water Street (O)	1979	1997	--	211	5,382	1,205	211	6,587	6,798	2,620
Yonkers										
100 Corporate Boulevard (F)	1987	1997	--	602	9,910	1,417	602	11,327	11,929	4,143
200 Corporate Boulevard South (F)	1990	1997	--	502	7,575	1,185	502	8,760	9,262	2,809
1 Enterprise Boulevard (L)	N/A	1997	--	1,379	--	1	1,380	--	1,380	--
1 Executive Boulevard (O)	1982	1997	--	1,104	11,904	2,753	1,105	14,656	15,761	5,386

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2 Executive Boulevard (C)	1986	1997	--	89	2,439	38	89	2,477	2,566	850
3 Executive Boulevard (O)	1987	1997	--	385	6,256	1,353	385	7,609	7,994	2,568
4 Executive Plaza (F)	1986	1997	--	584	6,134	2,061	584	8,195	8,779	3,463
6 Executive Plaza (F)	1987	1997	--	546	7,246	990	546	8,236	8,782	2,737
1 Odell Plaza (F)	1980	1997	--	1,206	6,815	1,481	1,206	8,296	9,502	2,838
3 Odell Plaza (O)	1984	2003	--	1,322	4,777	2,302	1,322	7,079	8,401	1,907
5 Odell Plaza (F)	1983	1997	--	331	2,988	813	331	3,801	4,132	1,353
7 Odell Plaza (F)	1984	1997	--	419	4,418	559	419	4,977	5,396	1,767
PENNSYLVANIA										
Chester County										
Berwyn										
1000 Westlakes Drive (O)	1989	1997	--	619	9,016	528	619	9,544	10,163	3,520
1055 Westlakes Drive (O)	1990	1997	--	1,951	19,046	3,545	1,951	22,591	24,542	9,015
1205 Westlakes Drive (O)	1988	1997	--	1,323	20,098	2,721	1,323	22,819	24,142	8,231
1235 Westlakes Drive (O)	1986	1997	--	1,417	21,215	3,268	1,418	24,482	25,900	9,065
Delaware County										
Lester										
100 Stevens Drive (O)	1986	1996	--	1,349	10,018	3,891	1,349	13,909	15,258	5,526
200 Stevens Drive (O)	1987	1996	--	1,644	20,186	6,064	1,644	26,250	27,894	10,274
300 Stevens Drive (O)	1992	1996	--	491	9,490	1,565	491	11,055	11,546	4,219

Media										
1400 Providence Rd, Center I (O)	1986	1996	--	1,042	9,054	2,531	1,042	11,585	12,627	4,448
1400 Providence Rd, Center II (O)	1990	1996	--	1,543	16,464	4,299	1,544	20,762	22,306	7,841
Montgomery County										
Bala Cynwyd										
150 Monument Road (O)	1981	2004	--	2,845	14,780	4,007	2,845	18,787	21,632	3,555
Blue Bell										
4 Sentry Park (O)	1982	2003	--	1,749	7,721	867	1,749	8,588	10,337	1,609
5 Sentry Park East (O)	1984	1996	--	642	7,992	3,508	642	11,500	12,142	3,546
5 Sentry Park West (O)	1984	1996	--	268	3,334	616	268	3,950	4,218	1,315
16 Sentry Park West (O)	1988	2002	--	3,377	13,511	1,965	3,377	15,476	18,853	4,693
18 Sentry Park West (O)	1988	2002	--	3,515	14,062	1,907	3,515	15,969	19,484	4,795
King of Prussia										
2200 Renaissance Blvd (O)	1985	2002	16,171	5,347	21,453	(9,121)	3,126	14,553	17,679	4,581
Lower Providence										
1000 Madison Avenue (O)	1990	1997	--	1,713	12,559	3,064	1,714	15,622	17,336	5,548
Plymouth Meeting										
1150 Plymouth Meeting Mall (O)	1970	1997	--	125	499	30,765	6,219	25,170	31,389	9,140
CONNETICUT										
Fairfield County										
Norwalk										
40 Richards Avenue (O)	1985	1998	--	1,087	18,399	3,892	1,087	22,291	23,378	6,860
Stamford										
1266 East Main Street (O)	1984	2002	16,089	6,638	26,567	4,640	6,638	31,207	37,845	8,540
419 West Avenue (F)	1986	1997	--	4,538	9,246	1,490	4,538	10,736	15,274	4,248

MACK-CALI REALTY CORPORATION
REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION
December 31, 2010
(dollars in thousands)

SCHEDULE III

				Initial Costs		Costs Capitalized	Gross Amount at Which Carried at Close of Period (a)			
Property Location (b)	Year Built	Acquired	Related Encumbrances	Land	Building and Improvements	Subsequent to Acquisition	Land	Building and Improvements	Total	Accumulated Depreciation (c)
500 West Avenue (F)	1988	1997	--	415	1,679	52	415	1,731	2,146	597
550 West Avenue (F)	1990	1997	--	1,975	3,856	176	1,975	4,032	6,007	1,362
600 West Avenue (F)	1999	1999	--	2,305	2,863	839	2,305	3,702	6,007	1,053
650 West Avenue (F)	1998	1998	--	1,328	--	3,292	1,328	3,292	4,620	1,119
DISTRICT OF COLUMBIA										
Washington,										
1201 Connecticut Avenue, NW (O)	1940	1999	--	14,228	18,571	4,881	14,228	23,452	37,680	7,565
1400 L Street, NW (O)	1987	1998	--	13,054	27,423	7,444	13,054	34,867	47,921	11,942
MARYLAND										
Prince George's County										
Greenbelt										
Capital Office Park Parcel A (L)	N/A	2009	--	840	--	7	847	--	847	--
9200 Edmonston Road (O)	1973/03	2006	4,646	1,547	4,131	147	1,547	4,278	5,825	871
6301 Ivy Lane (O)	1979/95	2006	6,103	5,168	14,706	1,186	5,168	15,892	21,060	2,302
6303 Ivy Lane (O)	1980/03	2006	--	5,115	13,860	758	5,115	14,618	19,733	2,202
6305 Ivy Lane (O)	1982/95	2006	6,475	5,615	14,420	537	5,615	14,957	20,572	2,498
6404 Ivy Lane (O)	1987	2006	--	7,578	20,785	1,718	7,578	22,503	30,081	3,795
6406 Ivy Lane (O)	1991	2006	--	7,514	21,152	(173)	7,514	20,979	28,493	2,537
6411 Ivy Lane (O)	1984/05	2006	--	6,867	17,470	1,097	6,867	18,567	25,434	3,047
Lanham										
4200 Parliament Place (O)	1989	1998	--	2,114	13,546	761	1,393	15,028	16,421	5,470

Projects Under Development and Developable Land	--	124,877	29,366	--	124,877	29,366	154,243	34
Furniture, Fixtures and Equipment	--	--	--	4,485	--	4,485	4,485	3,212
TOTALS	$743,043	$760,033	$3,641,055	$815,632	$771,960	$4,444,760	$5,216,720	$1,278,985

(a) The aggregate cost for federal income tax purposes at December 31, 2010 was approximately $3.2 billion.

(b) Legend of Property Codes:

(O)=Office Property
(F)=Office/Flex Property
(I)=Industrial/Warehouse Property
(C)=Stand-alone Retail Property
(L)=Land Lease

(c) Depreciation of the buildings and improvements are calculated over lives ranging from the life of the lease to 40 years.

(d) This property is located on land leased by the Company.

MACK-CALI REALTY CORPORATION
NOTE TO SCHEDULE III

Changes in rental properties and accumulated depreciation for the periods ended December 31, 2010, 2009 and 2008 are as follows: (dollars in thousands)

	2010	2009	2008
Rental Properties			
Balance at beginning of year	$5,186,208	$4,963,780	$4,885,429
Additions	86,455	282,122	92,129
Properties sold	(16,052)	--	--
Impairment charge on rental property	(12,560)	--	--
Retirements/disposals	(27,331)	(59,694)	(13,778)
Balance at end of year	$5,216,720	$5,186,208	$4,963,780
Accumulated Depreciation			
Balance at beginning of year	$1,153,223	$1,040,778	$ 907,013
Depreciation expense	158,318	155,613	147,543
Properties sold	(2,091)	--	--
Impairment charge on rental property	(3,256)	(1,009)	--
Retirements/disposals	(27,209)	(42,159)	(13,778)
Balance at end of year	$1,278,985	$1,153,223	$1,040,778

MACK-CALI REALTY CORPORATION

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Mack-Cali Realty Corporation
(Registrant)

Date: February 11, 2011

/s/ Barry Lefkowitz
Barry Lefkowitz
Executive Vice President and
Chief Financial Officer
(principal accounting officer and
principal financial officer)

MACK-CALI REALTY CORPORATION

EXHIBIT INDEX

Exhibit Number	Exhibit Title
31.1	Certification of the Company’s President and Chief Executive Officer, Mitchell E. Hersh, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Company’s Chief Financial Officer, Barry Lefkowitz, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Company’s President and Chief Executive Officer, Mitchell E. Hersh, and the Company’s Chief Financial Officer, Barry Lefkowitz, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.