

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

or

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

For the transition period from _____ to _____

Commission File Number: 1-13274

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

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

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of October 26, 2007, there were 67,911,903 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

MACK-CALI REALTY CORPORATION

FORM 10-Q

INDEX

<u>Part I</u>	<u>Financial Information</u>	<u>Page</u>
Item 1.	Financial Statements (<i>unaudited</i>):	
	Consolidated Balance Sheets as of September 30, 2007 and December 31, 2006.....	4
	Consolidated Statements of Operations for the three and nine month periods ended September 30, 2007 and 2006.....	5
	Consolidated Statement of Changes in Stockholders' Equity for the nine months ended September 30, 2007.....	6
	Consolidated Statements of Cash Flows for the nine months ended September 30, 2007 and 2006.....	7
	Notes to Consolidated Financial Statements.....	8-41
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	42-60
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.....	60
Item 4.	Controls and Procedures.....	60
<u>Part II</u>	<u>Other Information</u>	
Item 1.	Legal Proceedings.....	61
Item 1A.	Risk Factors.....	61
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.....	62
Item 3.	Defaults Upon Senior Securities.....	62
Item 4.	Submission of Matters to a Vote of Security Holders.....	62
Item 5.	Other Information.....	63
Item 6.	Exhibits.....	63
Signatures		64
Exhibit Index		65-80

MACK-CALI REALTY CORPORATION

Part I – Financial Information

Item 1. Financial Statements

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

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in Mack-Cali Realty Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

The results of operations for the three and nine month periods ended September 30, 2007 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

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

ASSETS	September 30, 2007	December 31, 2006
Rental property		
Land and leasehold interests	\$ 724,056	\$ 659,169
Buildings and improvements	3,741,029	3,549,699
Tenant improvements	385,892	356,495
Furniture, fixtures and equipment	9,220	8,224
	4,860,197	4,573,587
Less – accumulated depreciation and amortization	(869,888)	(796,793)
Net investment in rental property	3,990,309	3,776,794
Cash and cash equivalents	29,981	101,223
Marketable securities available for sale at fair value	5,111	--
Investments in unconsolidated joint ventures	179,077	160,301
Unbilled rents receivable, net	106,751	100,847
Deferred charges and other assets, net	261,394	240,637
Restricted cash	13,639	15,448
Accounts receivable, net of allowance for doubtful accounts of \$2,761 and \$1,260	29,573	27,639
Total assets	\$4,615,835	\$4,422,889
LIABILITIES AND STOCKHOLDERS' EQUITY		
Senior unsecured notes	\$1,632,280	\$1,631,482
Revolving credit facility	166,000	145,000
Mortgages, loans payable and other obligations	332,838	383,477
Dividends and distributions payable	53,554	50,591
Accounts payable, accrued expenses and other liabilities	150,949	122,134
Rents received in advance and security deposits	44,841	45,972
Accrued interest payable	18,787	34,106
Total liabilities	2,399,249	2,412,762
Minority interests:		
Operating Partnership	470,516	480,103
Consolidated joint ventures	1,538	2,117
Total minority interests	472,054	482,220
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized, 10,000 and 10,000 shares outstanding, at liquidation preference	25,000	25,000
Common stock, \$0.01 par value, 190,000,000 shares authorized, 67,648,417 and 62,925,191 shares outstanding	676	629
Additional paid-in capital	1,961,984	1,708,053
Dividends in excess of net earnings	(243,355)	(205,775)
Accumulated other comprehensive income	227	--
Total stockholders' equity	1,744,532	1,527,907
Total liabilities and stockholders' equity	\$4,615,835	\$4,422,889

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

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
REVENUES				
Base rents	\$145,535	\$137,270	\$427,574	\$398,109
Escalations and recoveries from tenants	27,491	24,959	79,477	69,202
Construction services	22,912	23,237	68,722	36,286
Real estate services	5,567	10,652	13,267	19,015
Other income	11,376	5,134	17,628	13,318
Total revenues	212,881	201,252	606,668	535,930
EXPENSES				
Real estate taxes	22,422	22,499	69,744	64,431
Utilities	21,944	18,565	54,818	46,235
Operating services	27,096	29,831	79,070	75,867
Direct construction costs	22,479	22,569	66,024	35,148
General and administrative	13,411	12,173	37,351	32,794
Depreciation and amortization	49,790	39,726	135,064	115,681
Total expenses	157,142	145,363	442,071	370,156
Operating income	55,739	55,889	164,597	165,774
OTHER (EXPENSE) INCOME				
Interest expense	(32,163)	(35,466)	(94,432)	(99,575)
Interest and other investment income	985	514	4,173	2,359
Equity in earnings (loss) of unconsolidated joint ventures	(1,559)	(4,757)	(5,486)	(5,356)
Minority interest in consolidated joint ventures	51	113	492	143
Gain on sale of investment in marketable securities	--	--	--	15,060
Total other (expense) income	(32,686)	(39,596)	(95,253)	(87,369)
Income from continuing operations before				
Minority interest in Operating Partnership	23,053	16,293	69,344	78,405
Minority interest in Operating Partnership	(4,146)	(3,169)	(12,564)	(14,959)
Income from continuing operations	18,907	13,124	56,780	63,446
Discontinued operations (net of minority interest):				
Income from discontinued operations	20	3,387	1,057	9,375
Realized gains (losses) and unrealized losses				
on disposition of rental property, net	4,533	--	36,280	3,921
Total discontinued operations, net	4,553	3,387	37,337	13,296
Net income	23,460	16,511	94,117	76,742
Preferred stock dividends	(500)	(500)	(1,500)	(1,500)
Net income available to common shareholders	\$ 22,960	\$ 16,011	\$ 92,617	\$ 75,242
Basic earnings per common share:				
Income from continuing operations	\$ 0.27	\$ 0.20	\$ 0.82	\$ 1.00
Discontinued operations	\$ 0.07	\$ 0.06	\$ 0.56	\$ 0.21
Net income available to common shareholders	\$ 0.34	\$ 0.26	\$ 1.38	\$ 1.21
Diluted earnings per common share:				
Income from continuing operations	\$ 0.27	\$ 0.20	\$ 0.82	\$ 0.99
Discontinued operations	\$ 0.07	\$ 0.06	\$ 0.55	0.21
Net income available to common shareholders	\$ 0.34	\$ 0.26	\$ 1.37	\$ 1.20
Dividends declared per common share	\$ 0.64	\$ 0.64	\$ 1.92	\$ 1.90
Basic weighted average shares outstanding	67,688	62,302	67,068	62,158
Diluted weighted average shares outstanding	83,088	78,258	82,515	77,664

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

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

	Preferred Stock		Common Stock		Additional	Dividends in	Accumulated	Total	Comprehensive
	Shares	Amount	Shares	Par Value	Paid-In Capital	Excess of Net Earnings	Other Comprehensive Income	Stockholders' Equity	Income
Balance at January 1, 2007	10	\$25,000	62,925	\$629	\$1,708,053	\$(205,775)	--	\$1,527,907	--
Net income	--	--	--	--	--	94,117	--	94,117	\$94,117
Preferred stock dividends	--	--	--	--	--	(1,500)	--	(1,500)	--
Common stock dividends	--	--	--	--	--	(130,197)	--	(130,197)	--
Common stock offering	--	--	4,650	47	251,685	--	--	251,732	--
Redemption of common units for common stock	--	--	211	2	6,564	--	--	6,566	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	5	--	225	--	--	225	--
Stock options exercised	--	--	128	1	3,674	--	--	3,675	--
Stock options expense	--	--	--	--	99	--	--	99	--
Comprehensive Gain:									
Unrealized holding gain on marketable securities available for sale	--	--	--	--	--	--	\$227	227	227
Directors Deferred comp. plan	--	--	--	--	240	--	--	240	--
Issuance of restricted stock	--	--	13	--	--	--	--	--	--
Repurchase of Common Stock	--	--	(284)	(3)	(11,169)	--	--	(11,172)	--
Amortization of stock comp.	--	--	--	--	2,613	--	--	2,613	--
Balance at September 30, 2007	10	\$25,000	67,648	\$676	\$1,961,984	\$(243,355)	\$227	\$1,744,532	\$94,344

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

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

	Nine Months Ended September 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 94,117	\$ 76,742
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	135,064	115,681
Depreciation and amortization on discontinued operations	424	8,387
Stock options expense	99	212
Amortization of stock compensation	2,613	2,216
Amortization of deferred financing costs and debt discount	2,101	2,171
Distribution of cumulative earnings from joint ventures	1,875	--
Equity in (earnings) losses of unconsolidated joint ventures, net	5,486	5,356
Gain on sale of marketable securities available for sale	--	(15,060)
Realized (gain) losses and unrealized losses on disposition of rental property (net of minority interest)	(36,280)	(3,921)
Minority interest in Operating Partnership	12,564	14,959
Minority interest in consolidated joint ventures	(492)	(143)
Minority interest in income from discontinued operations	240	2,293
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable, net	(6,480)	(15,190)
Increase in deferred charges and other assets, net	(29,455)	(41,367)
Increase in accounts receivable, net	(1,934)	(11,297)
Increase in accounts payable, accrued expenses and other liabilities	7,733	22,786
(Decrease) increase in rents received in advance and security deposits	(1,131)	1,834
Decrease in accrued interest payable	(15,319)	(8,674)
Net cash provided by operating activities	\$ 171,225	\$ 156,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to rental property and related intangibles	\$(356,178)	\$(192,137)
Repayments of notes receivable	120	113
Investment in unconsolidated joint ventures	(22,310)	(148,991)
Distribution from unconsolidated joint venture	992	--
Purchase of marketable securities available for sale	(4,884)	(11,912)
Proceeds from sale of rental property	57,204	18,912
Proceeds from sale of investment in joint venture	575	--
Proceeds from sale of marketable securities available for sale	--	78,609
Decrease (increase) in restricted cash	1,809	(6,760)
Net cash used in investing activities	\$(322,672)	\$(262,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from senior unsecured notes	\$ --	\$ 199,914
Borrowings from revolving credit facility	395,000	660,250
Repayment of revolving credit facility	(374,000)	(500,180)
Repayment of mortgages, loans payable and other obligations	(25,433)	(156,361)
Payment of financing costs	(1,801)	(384)
Proceeds from offering of Common Stock	251,732	--
Proceeds from stock options exercised	3,675	8,839
Payment of dividends and distributions	(157,796)	(146,514)
Repurchase of common stock	(11,172)	--
Net cash provided by financing activities	\$ 80,205	\$ 65,564
Net decrease in cash and cash equivalents	\$ (71,242)	\$ (39,617)
Cash and cash equivalents, beginning of period	101,223	60,397
Cash and cash equivalents, end of period	\$ 29,981	\$ 20,780

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

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

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively, the “Company”), is a fully-integrated, self-administered, self-managed real estate investment trust (“REIT”) providing leasing, management, acquisition, development, construction and tenant-related services for its properties and third-parties. As of September 30, 2007, the Company owned or had interests in 302 properties plus developable land (collectively, the “Properties”). The Properties aggregate approximately 34.9 million square feet, which are comprised of 291 buildings, primarily office and office/flex buildings, totaling approximately 34.5 million square feet (which include 46 buildings, primarily office buildings, aggregating 5.7 million square feet owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two retail properties totaling approximately 17,300 square feet, a hotel (which is owned by an unconsolidated joint venture in which the Company has an investment interest) and two parcels of land leased to others. The Properties are located in seven 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.

2. SIGNIFICANT ACCOUNTING POLICIES

***Rental
Property***

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Included in total rental property is construction and development in-progress of \$125,773,000 and \$116,151,000 (including land of \$67,126,000 and \$63,136,000) as of September 30, 2007 and December 31, 2006, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

associated with the portion under construction.

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

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

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

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

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

On a periodic basis, management assesses whether there are any indicators that the value of the Company's real estate properties held for use may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the

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

***Rental Property
Held for Sale and
Discontinued
Operations***

When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the estimated net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented. See Note 6: Discontinued Operations.

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

***Investments in
Unconsolidated
Joint Ventures***

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

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

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the value of the investment. Management does not believe that the value of any of the Company's investments in unconsolidated joint ventures is impaired. See Note 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 stockholders' equity until realized. A decline in the market value of any marketable security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. Any impairment would be charged to earnings and a new cost basis for the security established.

The Company's marketable securities at September 30, 2007 carried a value of \$5.1 million and consisted of common equity securities which were all acquired during the third quarter 2007. The Company's marketable securities at September 30, 2007 are all classified as available-for-sale and are carried at fair value based on quoted market prices. The Company recorded an unrealized holding gain of \$227,000 as other comprehensive gain in the third quarter 2007.

***Deferred
Financing Costs***

Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs is included in interest expense and was \$680,000 and \$725,000 for the three months ended September 30, 2007 and 2006, respectively, and \$2,101,000 and \$2,171,000 for the nine months ended September 30, 2007 and 2006, 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 \$929,000 and \$908,000 for the three months ended September 30, 2007 and 2006, respectively, and \$2,993,000 and \$2,574,000 for the nine months ended September 30, 2007 and 2006, respectively.

***Derivative
Instruments***

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

***Revenue
Recognition***

Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the

difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases. Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 13: Tenant Leases. Construction services revenue includes fees earned and reimbursements received by the Company for providing construction management and general contractor services to clients. Construction services revenue is recognized on the percentage of completion method. Using this method, profits are recorded on the basis of estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is accrued based upon estimates of the percentage of completion of the construction contract. This revenue recognition method involves inherent risks relating to profit and cost estimates. Real estate services revenue includes property management, facilities management, leasing commission fees and other services, and payroll and related costs reimbursed from clients. Other income includes income from parking spaces leased to tenants, income from tenants for additional services arranged for by the Company and income from tenants for early lease terminations.

***Allowance for
Doubtful Accounts***

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

***Income and
Other Taxes***

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

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

***Earnings
Per Share***

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

***Dividends and
Distributions
Payable***

The dividends and distributions payable at September 30, 2007 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (67,649,757 shares), and distributions payable to minority interest common unitholders of the Operating Partnership (15,246,628 common units) for all such holders of record as of October 3, 2007 with respect to the third quarter 2007. The third quarter 2007 preferred stock dividends of \$50.00 per share, common stock dividends and common unit distributions of \$0.64 per common share and unit were approved by the Board of Directors on September 12, 2007. The preferred stock dividends, common stock dividends and common unit distributions payable were paid on October 15, 2007.

The dividends and distributions payable at December 31, 2006 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (62,925,271 shares), and distributions payable to minority interest common unitholders of the Operating Partnership (15,342,283 common units) for all such holders of record as of January 4, 2007 with respect to the fourth quarter 2006. The fourth quarter 2006 preferred stock dividends of \$50.00 per share, common stock dividends and common unit distributions of \$0.64 per common share and unit were approved by the Board of Directors on December 5, 2006. The common stock dividends and common unit distributions payable were paid on January 12, 2007. The preferred stock dividends payable were paid on January 16, 2007.

***Costs Incurred For
Stock Issuances***

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

***Stock
Compensation***

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

In 2002, the Company adopted the provisions of FASB No. 123, and in 2006, the Company adopted the provisions of FASB No. 123(R), which did not have a material effect on the Company’s financial position and results of operations. These provisions require that the estimated fair value of restricted stock (“Restricted Stock Awards”) and stock options at the grant date be amortized ratably into expense over the appropriate vesting period. For the three months ended September 30, 2007 and 2006, the Company recorded restricted stock and stock options expense of \$907,000 and \$815,000, respectively, and \$2,711,000 and \$2,429,000 for the nine months ended September 30, 2007 and 2006, 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. For the nine months ended September 30, 2007, other comprehensive income was \$227,000.

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

3. REAL ESTATE TRANSACTIONS

Property Acquisitions

The Company acquired the following office properties during the nine months ended September 30, 2007 (*dollars in thousands*)

Acquisition Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Acquisition Cost
05/08/07	AAA Properties (a)	Hamilton Township, New Jersey	2	69,232	\$ 9,048
06/11/07	125 Broad Street (b) (c)	New York, New York	1	524,476	274,091
Total Property Acquisitions:			3	593,708	\$283,139

- (a) Included in this transaction was the acquisition of two parcels of developable land aggregating approximately 13 acres.
- (b) Acquisition represented two units of office condominium interests, which collectively comprise floors 2 through 16, or 39.6 percent, of the 40-story, 1.2 million square-foot building.
- (c) Transaction was funded primarily through borrowing on the Company's revolving credit facility.

Properties Commencing Initial Operations

The following property commenced initial operations during the nine months ended September 30, 2007 (*dollars in thousands*)

Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a)
05/08/07	700 Horizon Drive	Hamilton Township, New Jersey	1	120,000	\$16,699
Total Properties Commencing Initial Operations:			1	120,000	\$16,699

- (a) Development costs were funded primarily through draws on the Company's revolving credit facility. Amounts are as of September 30, 2007.

Land Acquisition

In February 2007, the Company exercised its option to acquire approximately 43 acres of land sites within its Capital Office Park complex in Greenbelt, Maryland, which is able to accommodate the development of up to 600,000 square feet of office space, for \$13 million. The option was acquired as part of the acquisition of the office complex in February 2006. On May 25, 2007, the Company completed the purchase of the land for approximately \$13 million, which consisted of 114,911 common operating partnership units valued at \$5.2 million, and the remainder in cash.

Property Sales

The Company sold the following office properties during the nine months ended September 30, 2007 (*dollars in thousands*)

Sale Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Net Sales Proceeds	Net Book Value	Realized Gain
05/10/07	1000 Bridgeport Avenue	Shelton, Connecticut	1	133,000	\$16,411	\$13,782	\$ 2,629
06/11/07	500 W. Putnam Avenue	Greenwich, Connecticut	1	121,250	54,344	18,113	36,231
07/13/07	100& 200 Decadon Drive	Egg Harbor, New Jersey	2	80,344	11,448	5,894	5,554
Total Office Property Sales:			4	334,594	\$82,203	\$37,789	\$44,414

Gale Earn-Out and Agreement

The agreement to acquire the Gale Company (“Gale Agreement”), which was completed as part of the Gale/Green transactions on May 9, 2006, contained earn-out provisions (“Earn-Out”) providing for the payment of contingent purchase consideration of up to \$18 million in cash based upon the achievement of Gross Income and NOI (as such terms were defined in the Gale Agreement) targets and other events for the three years following the closing date.

On May 23, 2007, the Company entered into an amendment (the “Amendment”) to the Gale Agreement. The Amendment eliminated the Earn-Out and substituted an aggregate of \$14 million in payments by the Company consisting of the following: (1) \$8 million, which was paid on May 31, 2007; (2) \$3 million on May 9, 2008; and (3) \$3 million on May 9, 2009.

In October 2007, the Company reached an agreement with Stanley C. Gale, the seller of the Gale Company, Mark Yeager, an executive officer of the Company, and certain affiliates of Messrs. Gale and Yeager, which are parties to certain non-portfolio interest joint ventures with the Company, to provide primarily for the following:

- (1) The Company agreed to satisfy the requirements for the \$3 million payment due on May 9, 2008 and the \$3 million payment due on May 9, 2009 as of October 31, 2007 by:
 - (a) paying \$4 million in cash; and
 - (b) transferring to an entity whose beneficial owners includes Messrs. Gale and Yeager a 49.8 percent interest in an entity that owns one of the non-portfolio interests in a development project located in Belmar, New Jersey, which it acquired in June 2006 pursuant to the Gale Agreement for \$1.6 million. On September 30, 2007, the Company wrote off \$2.1 million of costs related to this project, as it believes the project is no longer viable, which is included in general and administrative expense for the three and nine months ended September 30, 2007.
- (2) Under the Gale Agreement, the Company is obligated to acquire from an entity whose beneficial owners include Messrs. Gale and Yeager (the “Florham Entity”), a 50 percent interest in a venture which owns a developable land parcel in Florham Park, New Jersey (the “Florham Park Land”) for a maximum purchase price of up to \$10.5 million, subject to reduction based on developable square feet approved and other conditions, with the completion of such acquisition subject to the Florham Entity obtaining final development permits and approvals and related conditions necessary to allow for office development expected to be 600,000 square feet. The Company has agreed to waive its contractual rights for reimbursement from the Florham Entity for certain costs incurred by the Company securing approvals for the development of the Florham Park Land and to defer collection of other costs. Such deferred other costs, including a carrying charge of six percent per annum, will be credited against the purchase price of the Florham Park Land at closing. In the event the acquisition of the Florham Park Land does not close by May 9, 2009, subject to certain conditions, the Florham Entity will be obligated to pay the deferred other costs and an additional \$1 million to the Company at that time.
- (3) The Company has agreed to settle a dispute and treat the right to receive certain commission payments in the approximate amount of \$2.3 million as an excluded asset under the Gale Agreement, which

commissions may become payable in the event that Sanofi-Aventis exercises its option to cause the 55 Corporate venture (see Note 4: Investment in Unconsolidated Joint Ventures) to construct a building which Sanofi-Aventis would lease on a long-term basis, as well as the completion of certain related events. The Company has agreed to pay directly to an entity whose beneficial owners include Messrs. Gale and Yeager up to \$769,000 of these commissions when and if due. In the event that Sanofi-Aventis does not exercise its option and the 55 Corporate venture receives the \$7 million penalty, no amounts would be due to Messrs. Gale and Yeager or any of their affiliates.

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The debt of the Company's unconsolidated joint ventures aggregating \$607.8 million as of September 30, 2007 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.

MEADOWLANDS XANADU

On November 25, 2003, the Company and affiliates of The Mills Corporation ("Mills") entered into a joint venture agreement ("Meadowlands Xanadu Venture Agreement") to form Meadowlands Mills/Mack-Cali Limited Partnership ("Meadowlands Venture") for the purpose of developing a \$1.3 billion family entertainment, recreation and retail complex with an office and hotel component to be built at the Meadowlands sports complex in East Rutherford, New Jersey ("Meadowlands Xanadu"). The First Amendment to the Meadowlands Xanadu Venture Agreement was entered into as of June 30, 2005. Meadowlands Xanadu's approximately 4.76 million-square-foot complex is expected to feature a family entertainment, recreation and retail destination comprising five themed zones: sports; entertainment; children's education; fashion; and food and home, in addition to four office buildings, aggregating approximately 1.8 million square feet, and a 520-room hotel.

The Company and Mills owned a 20 percent and 80 percent interest, respectively, in the Meadowlands Venture. The Meadowlands Xanadu Venture Agreement required the Company to make an equity contribution up to a maximum of \$32.5 million, which it fulfilled in April 2005.

Mills was to develop, lease and operate the entertainment phase of the Meadowlands Xanadu project ("ERC"). Upon the Company's exercise of its rights under the Meadowlands Xanadu Venture Agreement to develop the office and hotel phases, the Meadowlands Venture was to convey ownership of the component ventures to the Company and Mills or its affiliate, and the Company or its affiliate was to own an 80 percent interest and Mills or its affiliate was to own a 20 percent interest in such component ventures.

On August 21, 2006, Mills announced that it had signed a non-binding letter of intent with Colony Capital Acquisitions, LLC ("Colony") and Kan Am USA Management XXII Limited Partnership ("Kan Am") under which Colony would arrange for construction financing for Meadowlands Xanadu and make a significant equity infusion into the Meadowlands Venture, and Mills would not have any financial obligations post closing ("Colony Transaction"). Kan Am had been a partner with Mills in the Meadowlands Venture since the formation of the venture.

On November 22, 2006, the Company entered into and consummated a Redemption Agreement (the "Redemption Agreement") with the Meadowlands Venture, Meadowlands Developer Holding Corp., a limited partner in the Meadowlands Venture, and the Meadowlands Limited Partnership (f/k/a Meadowlands/Mills Limited Partnership, and hereafter "MLP"), a general partner and a limited partner in the Meadowlands Venture. Immediately prior to entering into the Redemption Agreement, the investors in MLP undertook a restructuring of MLP whereby Colony became an indirect owner of MLP.

In connection with the Colony Transaction and pursuant to the Redemption Agreement, the Meadowlands Venture redeemed (the "Redemption") the Company's entire interest in the Meadowlands Venture and its right to participate in the development of the ERC component in exchange for (i) \$22.5 million in cash and (ii) a non-economic partner interest in each of the office and hotel components of Meadowlands Xanadu. In connection with the Redemption, the Operating Partnership also received a non-interest bearing promissory note for an additional \$2.5 million, which note is payable in full by MLP only at such time as the Operating Partnership exercises one of its options to develop the first of the office and hotel components of Meadowlands Xanadu. The Company's remaining investment of approximately \$11.9 million is included in deferred charges and other assets, net, as of September 30, 2007 and December 31, 2006.

Concurrent with the execution of the Redemption Agreement, the Company also entered into the Mack-Cali Rights, Obligations and Option Agreement (the "Rights Agreement") by and among the Meadowlands Venture, MLP, Meadowlands Mack-Cali GP, L.L.C., Mack-Cali, Baseball Meadowlands Limited Partnership, A-B Office Meadowlands Mack-Cali Limited Partnership, C-D Office Meadowlands Limited Partnership, Hotel Meadowlands Mack-Cali Limited Partnership and ERC Meadowlands Mills/Mack-Cali Limited Partnership. Pursuant to the Rights Agreement, the Operating Partnership retained certain rights and obligations it held under the Meadowlands Xanadu Venture Agreement with respect to the development of the office and hotel components of Meadowlands Xanadu, including an option to develop any of the office or hotel components of Meadowlands Xanadu (each, a "Take Down Option"). Upon the exercise of an initial Take Down Option, the Operating Partnership will receive economic interests in each of the office or hotel component partnerships as both a general partner and a limited partner in the applicable office or hotel component, and following receipt of \$2.5 million in full payment of the note from MLP, the Operating Partnership's ownership interest in each of the office or hotel component partnerships will be reduced from 80 percent (as provided in the Meadowlands Xanadu Venture Agreement) to 75 percent.

G&G MARTCO (Convention Plaza)

The Company held a 50 percent interest in G&G Martco, which owns Convention Plaza, a 305,618 square foot office building, located in San Francisco, California. On November 6, 2006, the Company sold substantially all of its interest in the venture to an affiliate of its joint venture partner for approximately \$16.3 million, realizing a gain on the sale of approximately \$10.8 million. The Company performed management and leasing services for the property owned by the joint venture through the date of sale and recognized \$36,000 and \$119,000 in fees for such services in the three and nine months ended September 30, 2006.

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

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

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

On August 20, 1998, the Company entered into a joint venture with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square foot office/flex building and adjacent developable land, located in Orangeburg, New York. In August 1999, the joint venture completed redevelopment of the property and placed the office/flex building in service. The Company holds a 50 percent interest in the joint venture. The venture has a mortgage loan with a \$14.8 million balance at September 30, 2007 secured by its office/flex property. The mortgage bears interest at a rate of LIBOR plus 175 basis points and was scheduled to mature in January 2007, with one two-year extension option, subject to certain conditions. In November 2006, the venture exercised its option to extend the term of the loan until January 2009.

The Company performs management, leasing and other services for the property owned by the joint venture and recognized \$16,000 and \$35,000 in fees for such services in the three months ended September 30, 2007 and 2006, respectively, and \$48,000 and \$82,000 for the nine months ended September 30, 2007 and 2006, respectively.

SOUTH PIER AT HARBORSIDE – HOTEL DEVELOPMENT

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

On October 12, 2006, the venture obtained a \$70.0 million mortgage loan (with a balance as of September 30, 2007 of \$69.3 million) collateralized by the hotel property using the proceeds principally to retire \$38.9 million of floating-rate debt and to make distributions to partners. The loan carries an interest rate of 6.15 percent and matures in November 2016. The venture has a loan with a balance as of September 30, 2007 of \$7.0 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 \$7.0 million letter of credit in support of this loan, \$3.5 million of which is indemnified by Hyatt.

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

On March 23, 2006, the Company entered into a joint venture with The PRC Group (“PRC”) to form Red Bank Corporate Plaza L.L.C. The venture was formed to develop Red Bank Corporate Plaza, a 92,878 square foot office building located in Red Bank, New Jersey, which has been fully pre-leased to Hovnanian Enterprises, Inc. for a 10-year term. The Company holds a 50 percent interest in the venture. PRC contributed the vacant land for the development of the office building as its initial capital in the venture. The Company funded the costs of development up to the value of the land contributed by PRC of \$3.5 million as its initial capital.

On October 20, 2006, the venture entered into a \$22.0 million construction loan with a commercial bank collateralized by the land and development project. The loan (with a balance as of September 30, 2007 of \$18.1 million), carries an interest rate of LIBOR plus 130 basis points and matures in April 2008. The loan currently has three one-year extension options subject to certain conditions, each of which requires payment of a fee.

In September 2007, the joint venture completed development of the property and placed the office building in service.

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

MACK-GREEN-GALE LLC

On May 9, 2006, as part of the Gale/Green transactions completed in May 2006, the Company entered into a joint venture, Mack-Green-Gale LLC (“Mack-Green”), with SL Green, pursuant to which Mack-Green holds a 96 percent interest in and acts as general partner of Gale SLG NJ Operating Partnership, L.P. (the “OP LP”). The Company’s acquisition cost for its interest in Mack-Green was approximately \$125 million, which was funded primarily through borrowing under the Company’s revolving credit facility. The OP LP owns 100 percent of entities which own 25 office properties (the “OP LP Properties”) which aggregate 3.5 million square feet (consisting of 17 office properties aggregating 2.3 million square feet located in New Jersey and eight properties aggregating 1.2 million square feet located in Troy, Michigan), as well as a minor, non-controlling interest in four office properties aggregating 419,000 square feet located in Naperville, Illinois, which was subsequently sold. In September, 2007, the OP LP entered into a contract to sell all of its eight properties located in Troy, Michigan for \$86.1 million subject to due diligence and other conditions.

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

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

- (i) 99 percent of Mack-Green’s share of the profits and losses from 10 specific OP LP Properties allocable to the Company and one percent allocable to SL Green;

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

Substantially all of the OP LP Properties are encumbered by mortgage loans with an aggregate outstanding principal balance of \$361 million at September 30, 2007. \$188.5 million of the mortgage loans bear interest at a weighted average fixed interest rate of 6.32 percent per annum and mature at various times through May 2016. \$172.5 million of the mortgage loans bear interest at a floating rate ranging from LIBOR plus 185 basis points to LIBOR plus 400 basis points per annum and mature at various times through January 2009. Included in the floating rate mortgage loans are \$90.3 million provided by an affiliate of SL Green.

On August 9, 2006, \$69.7 million of mortgage loans were refinanced. The new loan has a maximum principal amount of \$90 million with \$78.9 million drawn at September 30, 2007. The loan provides the ability to draw funds for qualified leasing and capital improvement costs. The loan bears interest at a rate of LIBOR plus 185 basis points and matures on August 8, 2008 with a two-year extension option.

The Company performs management, leasing, and construction services for the properties owned by the joint venture and recognized \$1.5 million and \$900,000 in income (net of \$100,000 and \$310,000 in direct costs) for such services in the three months ended September 30, 2007, and 2006, respectively, and \$2.7 million and \$1.7 million in income (net of \$896,000 and \$737,000 in direct costs) for such services in the nine months ended September 30, 2007 and 2006, respectively.

GE/GALE FUNDING LLC (PFV)

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

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

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

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

GE Gale has a mortgage loan with a balance of \$52.8 million at September 30, 2007. The loan bears interest at a rate of LIBOR plus 275 basis points and matures on January 9, 2009, with an extension option through January 9, 2011.

The Company performs management, leasing, and construction services for PFV and recognized \$356,000 and \$402,000 in income (net of \$157,000 and \$3.2 million in direct costs) for such services in the three months ended September 30, 2007 and 2006, respectively, and \$741,000 and \$628,000 in income (net of \$1.4 million and \$3.6 million in direct costs) for such services in the nine months ended September 30, 2007 and 2006, respectively.

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

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

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

The Route 93 Ventures have mortgage loans with an amount not to exceed \$58.6 million, with a \$42.5 million balance at September 30, 2007 collateralized by its office properties. The loan provides the venture the ability to draw additional monies for qualified leasing and capital improvement costs. The loan bears interest at a rate of LIBOR plus 220 basis points and matures on July 11, 2008, with three one-year extension options.

GALE KIMBALL, L.L.C.

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

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

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

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

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

On September 21, 2007, the venture obtained a mortgage loan which allows a maximum principal amount of \$47 million (with a balance of \$32.9 million at September 30, 2007). The loan provides the ability to draw funds for qualified leasing and capital improvement costs. The loan bears interest at a rate of 5.95 percent and matures in September 2012.

The Company performs construction and development services for the property owned by 100 Kimball for which it recognized \$38,500 and \$136,000 in income (net of \$324,000 and \$2.4 million in direct costs) in the three months

ended September 30, 2007, and 2006, respectively, and \$866,500 and \$282,000 in income (net of \$2.5 million and \$5.7 million in direct costs) in the nine months ended September 30, 2007 and 2006, 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, LLC (“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 indirectly holding a condominium interest in a vacant land parcel located in Bridgewater, New Jersey, which can accommodate development of an approximately 200,000 square foot office building. Sanofi-Aventis, which occupies neighboring buildings, has an option to cause the venture to construct the building, which it would lease on a long-term basis. Sanofi-Aventis is required to pay a penalty of \$7 million, subject to certain conditions, in the event it fails to exercise the option by November 21, 2007. The remaining 50 percent in SLG 55 is owned by SLG Gale 55 Corporate LLC, an affiliate of SL Green Realty Corp (“SLG Gale 55”).

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

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

12 VREELAND ASSOCIATES, L.L.C.

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

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

The office property at 12 Vreeland is a 139,750 square foot office building that is fully leased to a single tenant through June 15, 2012. The property is subject to a mortgage loan, which matures on July 1, 2012, in the initial amount of \$18.1 million bearing interest at 6.9 percent per annum. As of September 30, 2007 the outstanding balance on the mortgage note was \$9.3 million.

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

BOSTON-FILENES

On October 20, 2006, the Company formed a joint venture (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.

As a result of the foregoing transactions, as of January 29, 2007, (i) the Filenes Property 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. Thus, the Company holds approximately a 15 percent indirect ownership interest in the Vornado JV 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.

The joint venture's current plans for the development of the Filenes Property include approximately 1.2 million square feet consisting of office, retail, condominium apartments, hotel and a garage. The project is subject to governmental approvals.

NKFGMS OWNERS, LLC

On December 28, 2006, the Company contributed its facilities management business, which was acquired on May 9, 2006 as part of the Gale/Green transactions, to a newly-formed joint venture called NKFGMS Owners, LLC. With the contribution, the Company received \$600,000 in cash and a 40 percent interest in the joint venture. In connection with the Contribution, the Company recognized a loss of approximately \$1.5 million. The Company and a joint venture partner agreed to loan up to \$3 million in total to the venture from time to time until December 28, 2009, which would be funded by each of the Company and the joint venture partner on a pro-rata basis in an amount not to exceed \$1.5 million, respectively. The joint venture operating agreement provided for, among other things, profits and losses generally to be allocated in proportion to each member's interest.

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

GALE JEFFERSON, L.L.C.

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

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

One Jefferson is owned 25 percent by Gale Jefferson and 75 percent by One Jefferson Road Realty Member LLC, an affiliate of JPMorgan ("JPM"). The operating agreement of One Jefferson provides, among other things, for the distribution of net cash flow, first, in accordance with its 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 JPM and Gale Jefferson. One Jefferson has a construction loan in an amount not to exceed \$21 million bearing interest at a rate of LIBOR plus 160 basis points and maturing on October 24, 2010 with a one-year extension option.

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

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of September 30, 2007 and December 31, 2006: *(dollars in thousands)*

September 30, 2007														
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Green- Gale	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Filenes	NKFGMS Owners LLC	One Jefferson	Combined Total
Assets:														
Rental property, net	\$ 10,941	\$ 11,695	\$ 65,982	\$ 23,240	\$ 467,437	\$ 43,199	\$ 56,757	\$ 31,250	\$ 17,000	\$ 8,021	--	--	\$ 5,303	\$ 740,825
Other assets	2,008	1,095	12,790	3,593	62,781	25,528	2,904	416	--	858	\$ 54,725	--	293	166,991
Total assets	\$ 12,949	\$ 12,790	\$ 78,772	\$ 26,833	\$ 530,218	\$ 68,727	\$ 59,661	\$ 31,666	\$ 17,000	\$ 8,879	\$ 54,725	--	\$ 5,596	\$ 907,816
Liabilities and partners'/ members' capital (deficit):														
Mortgages, loans payable and other obligations	--	\$ 14,816	\$ 76,287	\$ 18,116	\$ 361,032	\$ 52,800	\$ 42,495	\$ 32,916	--	\$ 9,314	--	--	--	\$ 607,776
Other liabilities	\$ 532	393	3,984	700	27,062	6,930	1,077	--	--	--	\$ 179	--	\$ 63	40,920
Partners'/ members' capital (deficit)	12,417	(2,419)	(1,499)	8,017	142,124	8,997	16,089	(1,250)	\$ 17,000	(435)	54,546	--	5,533	259,120
Total liabilities and partners'/ members' capital (deficit)	\$ 12,949	\$ 12,790	\$ 78,772	\$ 26,833	\$ 530,218	\$ 68,727	\$ 59,661	\$ 31,666	\$ 17,000	\$ 8,879	\$ 54,725	--	\$ 5,596	\$ 907,816
Company's investment in unconsolidated joint ventures, net	\$ 6,131	--	--	\$ 3,763	\$ 128,839	\$ 2,144	\$ 5,012	--	\$ 8,511	\$ 7,512	\$ 16,617	--	\$ 548	\$ 179,077

December 31, 2006														
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Green- Gale	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Filenes	NKFGMS Owners LLC	One Jefferson	Combined Total
Assets:														
Rental property, net	\$ 11,404	\$ 12,141	\$ 69,303	\$ 13,205	\$ 480,867	\$ 39,538	\$ 54,684	\$ 26,601	\$ 17,000	\$ 8,221	--	\$ 239	--	\$ 733,203
Other assets	1,408	851	11,170	3,320	76,897	24,830	7,177	654	--	909	\$ 10,500	2,638	--	140,354
Total assets	\$ 12,812	\$ 12,992	\$ 80,473	\$ 16,525	\$ 557,764	\$ 64,368	\$ 61,861	\$ 27,255	\$ 17,000	\$ 9,130	\$ 10,500	\$ 2,877	--	\$ 873,557
Liabilities and partners'/ members' capital (deficit):														
Mortgages, loans payable and other obligations	--	\$ 14,936	\$ 77,217	\$ 8,673	\$ 358,063	\$ 47,761	\$ 39,435	\$ 15,350	--	\$ 10,253	--	--	--	\$ 571,688
Other liabilities	\$ 532	259	4,944	13	39,497	5,972	846	--	--	--	--	\$ 1,329	--	53,392
Partners'/ members' capital (deficit)	12,280	(2,203)	(1,688)	7,839	160,204	10,635	21,580	11,905	\$ 17,000	(1,123)	\$ 10,500	1,548	--	248,477
Total liabilities and partners'/ members' capital (deficit)	\$ 12,812	\$ 12,992	\$ 80,473	\$ 16,525	\$ 557,764	\$ 64,368	\$ 61,861	\$ 27,255	\$ 17,000	\$ 9,130	\$ 10,500	\$ 2,877	--	\$ 873,557
Company's investment in unconsolidated joint ventures, net	\$ 6,060	--	--	\$ 3,647	\$ 119,061	\$ 2,560	\$ 6,669	\$ 1,024	\$ 8,500	\$ 7,130	\$ 5,250	\$ 400	--	\$ 160,301

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 three months ended September 30, 2007 and 2006: *(dollars in thousands)*

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

	Three Months Ended September 30, 2006															
	Meadowlands Xanadu	G&G Martco	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack- Green- Gale	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston- Filenes	NKFGMS Owners LLC	One Jefferson	Combined Total
Total revenues	\$ 110	\$ 1,703	\$ 167	\$ 518	\$ 9,926	--	\$ 15,002	\$ 2,194	\$ 1,970	\$ 3	--	\$ 156	--	--	--	\$ 31,749
Operating and other expenses	(2,578)	(999)	(62)	(391)	(6,015)	--	(7,578)	(1,694)	(590)	(1)	--	(64)	--	--	--	(19,972)
Depreciation and amortization	--	(363)	(154)	(167)	(1,460)	--	(5,841)	(695)	(349)	--	--	(29)	--	--	--	(9,058)
Interest expense	--	(845)	--	(267)	(893)	--	(6,629)	(795)	(761)	--	--	--	--	--	--	(10,190)
Net income	\$ (2,468)	\$ (504)	\$ (49)	\$ (307)	\$ 1,558	--	\$ (5,046)	\$ (990)	\$ 270	\$ 2	--	\$ 63	--	--	--	\$ (7,471)
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ (1,876)	\$ (409)	\$ (24)	\$ (225)	\$ 639	--	\$ (2,749)	\$ (211)	\$ 67	--	--	\$ 31	--	--	--	\$ (4,757)

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 nine months ended September 30, 2007 and 2006: *(dollars in thousands)*

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

	Nine Months Ended September 30, 2006															Combined Total
	Meadowlands Xanadu	G&G Martco	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Mack-Green-Gale	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Boston-Filenes	NKFGMS Owners LLC	One Jefferson	
Total revenues	\$ 409	\$ 5,351	\$ 489	\$ 1,533	\$ 27,529	--	\$ 24,469	\$ 6,585	\$ 2,528	\$ 3	--	\$ 156	--	--	--	\$ 69,052
Operating and other expenses	(2,729)	(2,880)	(150)	(1,095)	(16,651)	--	(11,354)	(4,410)	(847)	(1)	--	(64)	--	--	--	(40,181)
Depreciation and amortization	--	(1,075)	(462)	(543)	(4,369)	--	(9,219)	(2,116)	(465)	--	--	(29)	--	--	--	(18,278)
Interest expense	--	(2,362)	--	(756)	(2,750)	--	(10,219)	(2,178)	(1,002)	--	--	--	--	--	--	(19,267)
Net income	\$ (2,320)	\$ (966)	\$ (123)	\$ (861)	\$ 3,759	--	\$ (6,323)	\$ (2,119)	\$ 214	\$ 2	--	\$ 63	--	--	--	\$ (8,674)
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ (1,876)	\$ (731)	\$ (61)	\$ (225)	\$ 1,740	--	\$ (4,009)	\$ (278)	\$ 53	--	--	\$ 31	--	--	--	\$ (5,356)

5. DEFERRED CHARGES AND OTHER ASSETS

<i>(dollars in thousands)</i>	September 30, 2007	December 31, 2006
Deferred leasing costs	\$194,807	\$184,175
Deferred financing costs	22,925	21,252
	217,732	205,427
Accumulated amortization	(84,550)	(76,407)
Deferred charges, net	133,182	129,020
Notes receivable	11,649	11,769
In-place lease values, related intangible and other assets, net	71,060	58,495
Prepaid expenses and other assets, net	45,503	41,353
Total deferred charges and other assets, net	\$261,394	\$240,637

6. DISCONTINUED OPERATIONS

On May 10, 2007, the Company sold its 133,000 square-foot office building located at 1000 Bridgeport Avenue in Shelton, Connecticut for net sales proceeds of approximately \$16.4 million and recognized a gain of approximately \$2.6 million on the sale.

On June 11, 2007, the Company sold its 121,250 square-foot office building located at 500 West Putnam Avenue in Greenwich, Connecticut for net sales proceeds of approximately \$54.3 million and recognized a gain of approximately \$36.2 million on the sale.

On July 13, 2007, the Company sold two office buildings in Egg Harbor Township, New Jersey, totaling 80,344 square feet for approximately \$12.5 million and recognized a gain of approximately \$5.6 million.

The Company has presented these assets as discontinued operations in its statements of operations for the periods presented. As the Company sold 300 Westage Business Center Drive in Fishkill, New York, 1510 Lancer Drive in Moorestown, New Jersey; a Colorado portfolio in various cities throughout Colorado; and a portfolio in San Francisco, California during the year ended December 31, 2006, the Company has presented these assets as discontinued operations in its statements of operations for all periods presented.

The following tables summarize income from discontinued operations (net of minority interest) and the related realized gains (losses) and unrealized losses on disposition of rental property (net of minority interest), net for the three and nine month periods ended September 30, 2007 and 2006: *(dollars in thousands)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Total revenues	\$ 61	\$11,648	\$ 3,881	\$ 36,047
Operating and other expenses	(61)	(4,995)	(1,638)	(14,951)
Depreciation and amortization	--	(2,068)	(424)	(8,387)
Interest expense (net of interest income)	24	(348)	(522)	(1,041)
Minority interest	(4)	(850)	(240)	(2,293)
Income from discontinued operations (net of minority interest)	\$ 20	\$ 3,387	\$ 1,057	\$ 9,375

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Realized gains on disposition of rental property	\$ 5,554	--	\$ 44,414	\$4,905
Minority interest	(1,021)	--	(8,134)	(984)
Realized gains (losses) and unrealized losses on disposition of rental property (net of minority interest), net	\$ 4,533	--	\$ 36,280	\$3,921

7. SENIOR UNSECURED NOTES

A summary of the Company's senior unsecured notes as of September 30, 2007 and December 31, 2006 is as follows (*dollars in thousands*):

	September 30, 2007	December 31, 2006	Effective Rate (1)
7.250% Senior Unsecured Notes, due March 15, 2009	\$ 299,657	\$ 299,481	7.49%
5.050% Senior Unsecured Notes, due April 15, 2010	149,861	149,819	5.27%
7.835% Senior Unsecured Notes, due December 15, 2010	15,000	15,000	7.95%
7.750% Senior Unsecured Notes, due February 15, 2011	299,424	299,295	7.93%
5.250% Senior Unsecured Notes, due January 15, 2012	99,161	99,015	5.46%
6.150% Senior Unsecured Notes, due December 15, 2012	92,349	91,981	6.89%
5.820% Senior Unsecured Notes, due March 15, 2013	25,503	25,420	6.45%
4.600% Senior Unsecured Notes, due June 15, 2013	99,837	99,815	4.74%
5.125% Senior Unsecured Notes, due February 15, 2014	201,528	201,708	5.11%
5.125% Senior Unsecured Notes, due January 15, 2015	149,325	149,256	5.30%
5.800% Senior Unsecured Notes, due January 15, 2016	200,635	200,692	5.81%
Total Senior Unsecured Notes	\$1,632,280	\$1,631,482	

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

8. UNSECURED REVOLVING CREDIT FACILITY

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

On September 21, 2007, the Company exercised an option to expand the borrowing capacity under its unsecured credit facility from \$600 million to \$775 million (further expandable to \$800 million).

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

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

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

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

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

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

SUMMARY

As of September 30, 2007 and December 31, 2006, the Company had outstanding borrowings of \$166 million and \$145 million, respectively, under its unsecured revolving credit facility.

9. MORTGAGES, LOANS PAYABLE AND OTHER OBLIGATIONS

The Company has mortgages, loans payable and other obligations which primarily consist of various loans collateralized by certain of the Company's rental properties. As of September 30, 2007, 17 of the Company's properties, with a total book value of approximately \$494.8 million, are encumbered by the Company's mortgages and loans payable. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only.

A summary of the Company's mortgages, loans payable and other obligations as of September 30, 2007 and December 31, 2006 is as follows (*dollars in thousands*):

Property Name	Lender	Effective Interest Rate (a)	Principal Balance at		Maturity
			September 30, 2007	December 31, 2006	
Mack-Cali Airport	Allstate Life Insurance Co.	7.05%	--	\$ 9,422	(b)
6303 Ivy Lane	State Farm Life Insurance Co.	5.57%	--	6,020	(c)
6404 Ivy Lane	TIAA	5.58%	\$ 13,191	13,665	08/01/08
Assumed obligations	Various	4.92%	30,609	38,742	05/01/09 (d)
Various (e)	Prudential Insurance	4.84%	150,000	150,000	01/15/10
105 Challenger Road	Archon Financial CMBS	6.24%	18,913	18,748	06/06/10
2200 Renaissance Boulevard	Wachovia CMBS	5.89%	17,538	17,819	12/01/12
Soundview Plaza	Morgan Stanley Mortgage Capital	6.02%	17,687	18,013	01/01/13
9200 Edmonston Road	Principal Commercial Funding L.L.C.	5.53%	5,131	5,232	05/01/13
6305 Ivy Lane	John Hancock Life Insurance Co.	5.53%	7,146	7,285	01/01/14
395 West Passaic	State Farm Life Insurance Co.	6.00%	12,698	12,996	05/01/14
6301 Ivy Lane	John Hancock Life Insurance Co.	5.52%	6,697	6,821	07/01/14
35 Waterview Boulevard	Wachovia CMBS	6.35%	20,150	20,318	08/11/14
500 West Putnam Avenue	New York Life Insurance Co.	5.57%	--	25,000	(f)
23 Main Street	JPMorgan CMBS	5.59%	33,078	33,396	09/01/18
Total mortgages, loans payable and other obligations			\$332,838	\$383,477	

- (a) Reflects effective rate of debt, including deferred financing costs, comprised of the cost of terminated treasury lock agreements (if any), debt initiation costs and other transaction costs, as applicable.
- (b) On February 5, 2007, the Company repaid this mortgage loan at par, using available cash.
- (c) On February 15, 2007, the Company repaid this mortgage loan at par, using available cash.
- (d) The obligations mature at various times through May 2009.
- (e) Mortgage is collateralized by seven properties.
- (f) On June 11, 2007, the Company assigned this loan to the purchaser with the sale of the property.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the nine months ended September 30, 2007 and 2006 was \$110,807,000 and \$112,134,000 respectively. Interest capitalized by the Company for the nine months ended September 30, 2007 and 2006 was \$3,718,000 and \$4,777,000, respectively.

SUMMARY OF INDEBTEDNESS

As of September 30, 2007, the Company's total indebtedness of \$2,131,118,000 (weighted average interest rate of 6.14 percent) was comprised of \$166,000,000 of revolving credit facility borrowings (weighted average rate of 6.05 percent) and fixed rate debt and other obligations of \$1,965,118,000 (weighted average rate of 6.15 percent).

As of December 31, 2006, the Company's total indebtedness of \$2,159,959,000 (weighted average interest rate of 6.11 percent) was comprised of \$145,000,000 of revolving credit facility borrowings (weighted average rate of 5.76 percent) and fixed rate debt of \$2,014,959,000 (weighted average rate of 6.14 percent).

10. MINORITY INTERESTS

OPERATING PARTNERSHIP

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

PREFERRED UNITS

In connection with the Company's issuance of \$25 million of Series C cumulative redeemable perpetual preferred stock, the Company acquired from the Operating Partnership \$25 million of Series C Preferred Units (the "Series C

Preferred Units”), which have terms essentially identical to the Series C preferred stock. See Note 14: Stockholders’ Equity – Preferred Stock.

COMMON UNITS

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

On May 25, 2007, in connection with the acquisition of various land parcels adjacent to its Capital Office Park complex in Greenbelt, Maryland, the Company issued 114,911 common units in the Operating Partnership, valued at approximately \$5.2 million.

UNIT TRANSACTIONS

The following table sets forth the changes in minority interest which relate to the common units in the Operating Partnership for the nine months ended September 30, 2007 (*dollars in thousands*):

	Common Units	Common Unitholders
Balance at January 1, 2007	15,342,283	\$480,103
Net income	--	20,939
Distributions	--	(29,203)
Issuance of common units	114,911	5,243
Redemption of common units for shares of Common Stock	(210,566)	(6,566)
Balance at September 30, 2007	15,246,628	\$470,516

MINORITY INTEREST OWNERSHIP

As of September 30, 2007 and December 31, 2006, the minority interest common unitholders owned 18.4 percent and 19.6 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 minority interests in these ventures.

11. EMPLOYEE BENEFIT 401(k) PLANS

Employees of the Company, other than those assigned to the Gale Company and affiliated employers, who meet certain minimum age and period of service requirements are eligible to participate in a 401(k) defined contribution plan (the “401(k) Plan”). The 401(k) Plan allows eligible employees to defer from 1 to 30 percent of their annual compensation, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management’s discretion, may match employee contributions and/or make discretionary contributions. Total expense recognized by the Company for the 401(k) Plan for the three months ended September 30, 2007 and 2006 was \$100,000 and \$100,000, respectively, and for the nine months ended September 30, 2007 and 2006 was \$300,000 and \$300,000, respectively.

All employees of the Gale Company and other affiliated participating employers, other than certain employees who were represented for collective bargaining purposes by a labor organization, who met certain minimum age and period of service requirements were eligible to participate in a 401(k) defined contribution plan (the “Gale Plan”).

The Gale Plan allowed eligible employees to defer from their annual compensation, the maximum amount permitted under federal law. The amounts contributed by employees were immediately vested and non-forfeitable. The Gale Company or the participant's employer matched the employee's deferral at the rate of 50 percent on the first six percent of the employee's annual compensation for employees who had at least 1,000 hours of service and are employed on the last day of the plan year. In addition, the Company, at management's discretion, could make discretionary contributions. Participants became 50 percent vested in employer contributions after two years of service and became 100 percent vested after three years of service. Total expense recognized by the Company for the Gale Plan for the three and nine months ended September 30, 2007 was \$0 and \$111,000, respectively. Total expense recognized by the Company after the completion of the Gale/Green Transactions for the three and nine months ended September 30, 2006 was \$146,000 and \$242,000, respectively.

Effective April 1, 2007, the Gale Plan was merged into the 401(k) Plan. In accordance with the Gale/Green transactions, the Company continued to make matching contributions to former Gale Plan participants under the Gale Plan matching contribution formula through the payroll period ending May 4, 2007. Moreover, federal law requires the Company to preserve (i) the Gale Plan vesting schedule for certain Gale Plan participants with three or more years of service as of May 4, 2007 and (ii) certain benefits previously offered under the Gale Plan.

12. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

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

The Harborside Plaza 5 agreement, as amended, which commenced in 2002 upon substantial completion of the property, as defined, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs. Total Project Costs, as defined, are \$159.6 million. The PILOT totaled \$798,000 and \$798,000 for the three months ended September 30, 2007 and 2006, respectively, and \$2.3 million and \$2.3 million for the nine months ended September 30, 2007 and 2006, respectively.

The Harborside Plaza 4-A agreement, which commenced in 2000, is for a term of 20 years. The PILOT is equal to two percent of Total Project costs, as defined, and increases by 10 percent in years 7, 10 and 13 and by 50 percent in year 16. Total Project costs, as defined, are \$45.5 million. The PILOT totaled \$250,000 and \$227,000 for the three months ended September 30, 2007 and 2006, respectively, and \$750,000 and \$682,000 for the nine months ended September 30, 2007 and 2006, 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.

OPERATING LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable operating leases under which the Company is the lessee, as of September 30, 2007, are as follows (*dollars in thousands*):

Year	Amount
2007	\$ 41
2008	68
2009	15
2010	3
Total	\$127

GROUND LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Company is the lessee, as of September 30, 2007, are as follows (*dollars in thousands*):

Year	Amount
2007	\$ 127
2008	486
2009	501
2010	501
2011	501
2012 through 2084	35,453
Total	\$37,569

Ground lease expense incurred by the Company during the three months ended September 30, 2007 and 2006 amounted to \$166,000 and \$203,000, respectively, and was \$497,000 and \$519,000 for the nine months ended September 30, 2007 and 2006, respectively.

OTHER

The Company may not dispose of or distribute certain of its properties, currently comprising 46 properties with an aggregate net book value of approximately \$1.2 billion, which were originally contributed by members of either the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; David S. Mack, director; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Martin S. Berger, director; Robert F. Weinberg, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, director, and John J. Cali, a former director) or certain other common unitholders without the express written consent of a representative of the Mack Group, the Robert Martin Group, the Cali Group or the specific certain other 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 Mack Group, Robert Martin Group, Cali Group members or the specific certain other 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 appropriate Mack Group, Robert Martin Group, Cali Group members or the specific certain other common unitholders. 91 of the Company's properties, with an aggregate net book value of approximately \$891.6 million, have lapsed restrictions and are subject to these conditions.

13. TENANT LEASES

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

Future minimum rentals to be received under non-cancelable operating leases at September 30, 2007 are as follows (*dollars in thousands*):

Year	Amount
2007	\$ 140,545
2008	564,739
2009	523,522
2010	457,697
2011	388,581
2012 and thereafter	1,309,106
Total	\$3,384,190

14. 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.

COMMON STOCK

On February 7, 2007, the Company completed an underwritten offer and sale of 4,650,000 shares of its common stock and used the net proceeds, which totaled approximately \$252 million (after offering costs), primarily to pay down its outstanding borrowings under the Company's revolving credit facility and for general corporate purposes.

PREFERRED STOCK

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

The Series C Preferred Stock has preference rights with respect to liquidation and distributions over the common stock. Holders of the Series C Preferred Stock, except under certain limited conditions, will not be entitled to vote on any matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of the Series C Preferred Stock will have the right to elect two additional members to serve on the Company's Board of Directors until dividends have been paid in full. At September 30, 2007, 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.

Except under certain conditions relating to the Company's qualification as a REIT, the Series C Preferred Stock is not redeemable prior to March 14, 2008. On and after such date, the Series C Preferred Stock will be redeemable at the option of the Company, in whole or in part, at \$25 per depository share, plus accrued and unpaid dividends.

SHARE REPURCHASE PROGRAM

On September 12, 2007, the Board of Directors authorized an increase to the Company's repurchase program under which the Company was permitted to purchase up to \$150 million of the Company's outstanding common stock ("Repurchase Program"). During the third quarter 2007, the Company purchased and retired, 283,700 shares of its outstanding common stock for an aggregate cost of approximately \$11.2 million. The Company has a remaining authorization to repurchase up to an additional \$138.8 million of its outstanding common stock, which it may

repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

STOCK OPTION PLANS

In May 2004, the Company established the 2004 Incentive Stock Plan under which a total of 2,500,000 shares have been reserved for issuance. No options have been granted through September 30, 2007 under this plan. In September 2000, the Company established the 2000 Employee Stock Option Plan (“2000 Employee Plan”) and the Amended and Restated 2000 Director Stock Option Plan (“2000 Director Plan”). In May 2002, shareholders of the Company approved amendments to both plans to increase the total shares reserved for issuance under both of the 2000 plans from 2,700,000 to 4,350,000 shares of the Company’s common stock (from 2,500,000 to 4,000,000 shares under the 2000 Employee Plan and from 200,000 to 350,000 shares under the 2000 Director Plan). In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan (“Employee Plan”) and the Mack-Cali Director Stock Option Plan (“Director Plan”) under which a total of 5,380,188 shares (subject to adjustment) of the Company’s common stock had been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). As the Employee Plan and Director Plan expired in 2004, stock options may no longer be issued under those plans. Stock options granted under the Employee Plan in 1994 and 1995 became exercisable over a three-year period. Stock options granted under the 2000 Employee Plan and those options granted subsequent to 1995 under the Employee Plan become exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan become exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of September 30, 2007 and December 31, 2006, the stock options outstanding had a weighted average remaining contractual life of approximately 4.1 and 4.7 years, respectively. Stock options exercisable at September 30, 2007 and December 31, 2006 had a weighted average remaining contractual life of approximately 3.7 and 4.5 years, respectively.

Information regarding the Company’s stock option plans for the nine months ended September 30, 2007 is summarized below:

	Shares Under Options	Weighted Average Exercise Price	Aggregate Intrinsic Value \$(000's)
Outstanding at January 1, 2007	690,306	\$29.68	
Exercised	(128,290)	\$28.64	
Lapsed or canceled	(19,590)	\$35.54	
Outstanding at September 30, 2007 (\$24.63 – \$45.47)	542,426	\$29.72	\$6,239
Options exercisable at September 30, 2007	426,646	\$30.05	\$4,782
Available for grant at September 30, 2007	4,536,734	--	--

Cash received from options exercised under all stock option plans was \$0.1 million and \$3.1 million for the three months ended September 30, 2007 and 2006, respectively, and \$3.7 million and \$8.8 million for the nine months ended September 30, 2007 and 2006, respectively. The total intrinsic value of options exercised during the three months ended September 30, 2007 and 2006 was \$12,000 and \$2.1 million, respectively, and \$3.2 and \$5.2 million for the nine months ended September 30, 2007 and 2006, respectively. The Company has a policy of issuing new shares to satisfy stock option exercises.

The Company recognized stock options expense of \$33,000 and \$36,000 for the three months ended September 30, 2007 and 2006, respectively, and \$99,000 and \$212,000 for the nine months ended September 30, 2007 and 2006, respectively.

STOCK COMPENSATION

The Company has granted stock awards (“Restricted Stock Awards”) to officers, certain other employees, and non-employee 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 five-year vesting period and generally based on time and service, of which 153,211 shares were outstanding at September 30, 2007. Of the outstanding restricted shares issued to executive officers and senior management, 46,873 are contingent upon the Company meeting certain performance and/or stock price appreciation objectives. All Restricted Stock Awards provided to

the officers and certain other employees were granted under the 2000 Employee Plan and the Employee Plan. Restricted Stock Awards granted to directors were granted under the 2000 Director Plan.

On September 12, 2007, the Board of Directors of the Company approved the recommendations and ratified the determinations of the Executive Compensation and Option Committee of the Board of Directors (the "Committee") with respect to new Restricted Stock Awards totaling 230,586 shares for its executive officers.

The Restricted Stock Awards to be issued may vest commencing January 1, 2009, with the number of Restricted Stock Awards scheduled to be vested and earned on each vesting date on an annual basis over a five to seven year vesting schedule, with each annual vesting of each tranche of Restricted Stock Awards is subject to the attainment of annual performance goals to be set by the Committee for each year. In connection with the authorization of the Restricted Stock Awards, the Company also authorized the entering into of tax gross-up agreements with each of the executive officers.

DEFERRED STOCK COMPENSATION PLAN FOR DIRECTORS

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

During the nine months ended September 30, 2007 and 2006, 5,380 and 4,730 deferred stock units were earned, respectively. As of September 30, 2007 and December 31, 2006, there were 42,237 and 35,802 deferred stock units outstanding, respectively.

EARNINGS PER SHARE

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

The following information presents the Company's results for the three months ended September 30, 2007 and 2006 in accordance with FASB No. 128: *(dollars in thousands)*

	Three Months Ended September 30,	
	2007	2006
Computation of Basic EPS		
Income from continuing operations	\$18,907	\$13,124
Deduct: Preferred stock dividends	(500)	(500)
Income from continuing operations available to common shareholders	18,407	12,624
Income from discontinued operations	4,553	3,387
Net income available to common shareholders	\$22,960	\$16,011
Weighted average common shares	67,688	62,302
Basic EPS:		
Income from continuing operations	\$ 0.27	\$ 0.20
Income from discontinued operations	0.07	0.06
Net income available to common shareholders	\$ 0.34	\$ 0.26

	Three Months Ended September 30,	
Computation of Diluted EPS	2007	2006
Income from continuing operations available to common shareholders	\$18,407	\$12,624
Add: Income from continuing operations attributable to Operating Partnership – common units	4,146	3,169
Income from continuing operations for diluted earnings per share	22,553	15,793
Income from discontinued operations for diluted earnings per share	5,578	4,237
Net income available to common shareholders	\$28,131	\$20,030
Weighted average common shares	83,088	78,258
Diluted EPS:		
Income from continuing operations	\$ 0.27	\$ 0.20
Income from discontinued operations	0.07	0.06
Net income available to common shareholders	\$ 0.34	\$ 0.26

The following information presents the Company's results for the nine months ended September 30, 2007 and 2006 in accordance with FASB No. 128 (*dollars in thousands*):

	Nine Months Ended September 30,	
Computation of Basic EPS	2007	2006
Income from continuing operations	\$56,780	\$63,446
Deduct: Preferred stock dividends	(1,500)	(1,500)
Income from continuing operations available to common shareholders	55,280	61,946
Income from discontinued operations	37,337	13,296
Net income available to common shareholders	92,617	\$75,242
Weighted average common shares	67,068	62,158
Basic EPS:		
Income from continuing operations	\$ 0.82	\$ 1.00
Income from discontinued operations	0.56	0.21
Net income available to common shareholders	\$ 1.38	\$ 1.21

	Nine Months Ended September 30,	
Computation of Diluted EPS	2007	2006
Income from continuing operations available to common shareholders	\$ 55,280	\$61,946
Add: Income from continuing operations attributable to Operating Partnership – common units	12,564	14,959
Income from continuing operations for diluted earnings per share	67,844	76,905
Income from discontinued operations for diluted earnings per share	45,711	16,573
Net income available to common shareholders	\$113,555	\$93,478
Weighted average common shares	82,515	77,664
Diluted EPS:		
Income from continuing operations	\$ 0.82	\$ 0.99
Income from discontinued operations	0.55	0.21
Net income available to common shareholders	\$ 1.37	\$ 1.20

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Basic EPS shares	67,688	62,302	67,068	62,158
Add: Operating Partnership – common units	15,248	15,643	15,242	15,196
Stock options	152	313	205	310
Diluted EPS Shares	83,088	78,258	82,515	77,664

Unvested shares of restricted stock outstanding as of September 30, 2007 and 2006 were 153,211 and 194,946, respectively.

15. SEGMENT REPORTING

The Company operates in two business segments: (i) real estate and (ii) construction services. The Company provides leasing, property 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. There were \$1,196,000 and \$1,829,000 in revenues from foreign countries recorded for the three and nine months ended September 30, 2006, respectively, and no revenues from foreign countries for the three and nine months ended September 30, 2007. The Company had no long lived assets in foreign locations as of September 30, 2007 and December 31, 2006. 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 for each segment.

Selected results of operations for the three and nine month periods ended September 30, 2007 and 2006 and selected asset information as of September 30, 2007 and December 31, 2006 regarding the Company's operating segments are as follows (*dollars in thousands*):

	Real Estate	Construction Services	Corporate & Other (d)	Total Company	
Total revenues:					
Three months ended:					
September 30, 2007	\$ 189,635	\$23,810	\$ (564)	\$ 212,881	
September 30, 2006	176,089	23,353	1,810	201,252	
Nine months ended:					
September 30, 2007	\$ 535,939	\$77,784	\$ (7,055)	\$ 606,668	
September 30, 2006	494,332	36,464	5,134	535,930	
Total operating and interest expenses(a):					
Three months ended:					
September 30, 2007	\$ 70,209	\$23,255	\$ 45,066	\$ 138,530	(e)
September 30, 2006	72,634	23,432	44,523	140,589	(f)
Nine months ended:					
September 30, 2007	\$ 201,187	\$76,194	\$ 119,885	\$ 397,266	(g)
September 30, 2006	186,902	36,512	128,277	351,691	(h)
Equity in earnings (loss) of unconsolidated joint ventures:					
Three months ended:					
September 30, 2007	\$ (1,559)	--	--	\$(1,559)	
September 30, 2006	(4,757)	--	--	(4,757)	
Nine months ended:					
September 30, 2007	(5,486)	--	--	(5,486)	
September 30, 2006	(5,356)	--	--	(5,356)	
Net operating income (b):					
Three months ended:					
September 30, 2007	\$ 117,867	\$ 555	\$ (45,630)	\$ 72,792	(e)
September 30, 2006	98,698	(79)	(42,713)	55,906	(f)
Nine months ended:					
September 30, 2007	\$ 329,266	\$ 1,590	\$(126,940)	\$ 203,916	(g)
September 30, 2006	302,074	(48)	(123,143)	178,883	(h)
Total assets:					
September 30, 2007	\$4,327,578	\$29,511	\$ 258,746	\$4,615,835	
December 31, 2006	4,281,222	28,353	113,314	4,422,889	
Total long-lived assets (c):					
September 30, 2007	\$4,284,141	--	\$ (8,004)	\$4,276,137	
December 31, 2006	4,036,393	--	1,550	4,037,943	

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

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

- (c) Long-lived assets are comprised of net investment in rental property, unbilled rents receivable and investments in unconsolidated joint ventures.
- (d) Corporate & Other represents all corporate-level items (including interest and other investment income, interest expense and non-property general and administrative expense) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.
- (e) Excludes \$49,790 of depreciation and amortization.
- (f) Excludes \$39,726 of depreciation and amortization.
- (g) Excludes \$135,064 of depreciation and amortization.
- (h) Excludes \$115,681 of depreciation and amortization.

16. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) Statement No. 159 (“FASB No. 159”), *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*

FASB No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. FASB No. 159 is expected to expand the use of fair value measurement, which is consistent with FASB’s long-term measurement objectives for accounting for financial instruments. This Statement applies to all entities, including not-for-profit organizations. Most of the provisions of this Statement apply only to entities that elect the fair value option. However, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income.

The following are eligible items for the measurement option established by FASB No. 159.

1. Recognized financial assets and financial liabilities except:
 - a. An investment in a subsidiary that the entity is required to consolidate;
 - b. An interest in a variable interest entity that the entity is required to consolidate;
 - c. Employers’ and plans’ obligations (or assets representing net overfunded positions) for pension benefits, other postretirement benefits (including health care and life insurance benefits), postemployment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation arrangements, as defined in FASB Statements No. 35, *Accounting and Reporting by Defined Benefit Pension Plans*, No. 87, *Employers’ Accounting for Pensions*, No. 106, *Employers’ Accounting for Postretirement Benefits Other Than Pensions*, No. 112, *Employers’ Accounting for Postemployment Benefits*, No. 123 (revised December 2004), *Share-Based Payment*, No. 43, *Accounting for Compensated Absences*, No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, and No. 158, *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans*, and APB Opinion No. 12, *Omnibus Opinion—1967*;
 - d. Financial assets and financial liabilities recognized under leases as defined in FASB Statement No. 13, *Accounting for Leases* (This exception does not apply to a guarantee of a third-party lease obligation or a contingent obligation arising from a cancelled lease.);
 - e. Deposit liabilities, withdrawable on demand, of banks, savings and loan associations, credit unions, and other similar depository institutions; and
 - f. Financial instruments that are, in whole or in part, classified by the issuer as a component of shareholder’s equity (including “temporary equity”). An example is a convertible debt security with a noncontingent beneficial conversion feature.
2. Firm commitments that would otherwise not be recognized at inception and that involve only financial instruments.
3. Nonfinancial insurance contracts and warranties that the insurer can settle by paying a third party to provide those goods or services.
4. Host financial instruments resulting from separation of an embedded nonfinancial derivative instrument from a nonfinancial hybrid instrument.

The fair value option established by FASB No. 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. FASB No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company does not expect that the implementation of FASB No. 159 will have a material effect on the Company's consolidated financial position or results of operations.

FASB Statement No. 157 ("FASB NO. 157"), *Fair Value Measurements*

FASB No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB No. 157 applies under other accounting pronouncements that require or permit fair value measurements, FASB having previously concluded in those accounting pronouncements that fair value is their relevant measurement attribute. Accordingly, this FASB No. 157 does not require any new fair value measurements. However, for some entities, the application of this FASB No. 157 will change current practice. This statement is effective for financial statements for fiscal years beginning after November 15, 2007. The Company does not expect that the implementation of FASB No. 157 will have a material effect on the Company's consolidated financial position or results of operations.

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

GENERAL

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

Executive Overview

Mack-Cali Realty Corporation (the "Company") is one of the largest real estate investment trusts (REITs) in the United States, with a total market capitalization of approximately \$5.6 billion at September 30, 2007. The Company has been involved in all aspects of commercial real estate development, management and ownership for over 50 years and has been a publicly-traded REIT since 1994. The Company owns or has interests in 302 properties (collectively, the "Properties"), primarily class A office and office/flex buildings, totaling approximately 34.9 million square feet, leased to approximately 2,200 tenants. The properties are located primarily in suburban markets of the Northeast, some with adjacent, Company-controlled developable land sites able to accommodate up to 11.3 million square feet of additional commercial space.

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

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

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

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

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

The Company's core markets continue to be weak. The percentage leased in the Company's consolidated portfolio of stabilized operating properties was 92.2 percent at September 30, 2007 as compared to 91.9 percent at June 30, 2007 and 92.0 percent at December 31, 2006. Percentage leased includes all leases in effect as of the period end date, some of which have commencement dates in the future (including, at September 30, 2007, a lease with a commencement date substantially in the future consisting of 8,590 square feet scheduled to commence in 2009), and leases that expire at the period end date. Leases that expired as of September 30, 2007, June 30, 2007 and December 31, 2006 aggregate 67,253, 174,122 and 103,477 square feet, respectively, or 0.2, 0.6 and 0.4 percentage of the net

rentable square footage, respectively. Rental rates on the Company's space that was re-leased (based on first rents payable) during the three months ended September 30, 2007 increased an average of 0.8 percent compared to rates that were in effect under the prior leases, as compared to a 1.1 percent decrease for the three months ended September 30, 2006. The Company believes that vacancy rates may continue to increase in some of its markets in 2007. As a result, the Company's future earnings and cash flow may continue to be negatively impacted by current market conditions.

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

- property transactions during the period;
- critical accounting policies and estimates;
- results of operations for the three and nine months ended September 30, 2007 as compared to the three and nine months ended September 30, 2006; and
- liquidity and capital resources.

Summary of 2007 Transactions

Property Acquisitions

The Company acquired the following office properties during the nine months ended September 30, 2007 (*dollars in thousands*):

Acquisition Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Acquisition Cost
05/08/07	AAA Properties (a)	Hamilton Township, New Jersey	2	69,232	\$ 9,048
06/11/07	125 Broad Street (b) (c)	New York, New York	1	524,476	274,091
Total Property Acquisitions:			3	593,708	\$283,139

- (a) Included in this transaction was the acquisition of two parcels of developable land aggregating approximately 13 acres.
 (b) Acquisition represented two units of office condominium interests, which collectively comprise floors 2 through 16, or 39.6 percent, of the 40-story, 1.2 million square-foot building.
 (c) Transaction was funded primarily through borrowing on the Company's revolving credit facility.

Properties Commencing Initial Operations

The following office property commenced initial operations during the nine months ended September 30, 2007 (*dollars in thousands*):

Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a)
05/08/07	700 Horizon Drive	Hamilton Township, New Jersey	1	120,000	\$16,699
Total Properties Commencing Initial Operations:			1	120,000	\$16,699

- (a) Development costs were funded primarily through draws on the Company's revolving credit facility. Amounts are as of September 30, 2007.

Land Acquisition

In February 2007, the Company exercised its option to acquire approximately 43 acres of land sites within its Capital Office Park complex in Greenbelt, Maryland, which is able to accommodate the development of up to 600,000 square feet of office space, for \$13 million. The option was acquired as part of the acquisition of the office complex in February 2006. On May 25, 2007, the Company completed the purchase of the land for approximately \$13 million, which consisted of 114,911 common operating partnership units valued at \$5.2 million, and the remainder in cash.

Property Sales

The Company sold the following office properties during the nine months ended September 30, 2007 (*dollars in thousands*):

Sale Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Net Sales Proceeds	Net Book Value	Realized Gain
05/10/07	1000 Bridgeport Avenue	Shelton, Connecticut	1	133,000	\$16,411	\$13,782	\$ 2,629
06/11/07	500 W. Putnam Avenue	Greenwich, Connecticut	1	121,250	54,344	18,113	36,231
07/13/07	100& 200 Decadon Drive	Egg Harbor, New Jersey	2	80,344	11,448	5,894	5,554
Total Office Property Sales:			4	334,594	\$82,203	\$37,789	\$44,414

Critical Accounting Policies and Estimates

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

Rental Property:

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Interest capitalized by the Company for the three months ended September 30, 2007 and 2006 was \$1.2 million and \$1.7 million, respectively, and \$3.7 million and \$4.8 million for the nine months ended September 30, 2007 and 2006, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

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

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

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

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

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

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

Rental Property Held for Sale and Discontinued Operations:

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

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying amount before the property was

classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

Revenue Recognition:

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

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

Allowance for Doubtful Accounts:

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

Results From Operations

The following comparisons for the three and nine months ended September 30, 2007 ("2007"), as compared to the three and nine months ended September 30, 2006 ("2006"), make reference to the following: (i) the effect of the "Same-Store Properties," which represent all in-service properties owned by the Company at June 30, 2006 (for the three-month period comparisons), and which represents all in-service properties owned by the Company at December 31, 2005 (for the nine-month period comparisons), excluding properties sold or held for sale through September 30, 2007, and (ii) the effect of the "Acquired Properties," which represent all properties acquired by the Company or commencing initial operations from July 1, 2006 through September 30, 2007 (for the three-month period comparisons), and which represents all properties acquired by the Company from January 1, 2006 through September 30, 2007 (for the nine-month period comparisons).

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

<i>(dollars in thousands)</i>	Three Months Ended September 30,		Dollar	Percent
	2007	2006	Change	Change
Revenue from rental operations and other:				
Base rents	\$145,535	\$137,270	\$ 8,265	6.0%
Escalations and recoveries from tenants	27,491	24,959	2,532	10.1
Other income	11,376	5,134	6,242	121.6
Total revenues from rental operations	184,402	167,363	17,039	10.2
Property expenses:				
Real estate taxes	22,422	22,499	(77)	(0.3)
Utilities	21,944	18,565	3,379	18.2
Operating services	27,096	29,831	(2,735)	(9.2)
Total property expenses	71,462	70,895	567	0.8
Non-property revenues:				
Construction services	22,912	23,237	(325)	(1.4)
Real estate services	5,567	10,652	(5,085)	(47.7)
Total non-property revenues	28,479	33,889	(5,410)	(16.0)
Non-property expenses:				
Direct construction costs	22,479	22,569	(90)	(0.4)
General and administrative	13,411	12,173	1,238	10.2
Depreciation and amortization	49,790	39,726	10,064	25.3
Total non-property expenses	85,680	74,468	11,212	15.1
Operating income	55,739	55,889	(150)	(0.3)
Other (expense) income:				
Interest expense	(32,163)	(35,466)	3,303	9.3
Interest and other investment income	985	514	471	91.6
Equity in earnings (loss) of unconsolidated joint ventures	(1,559)	(4,757)	3,198	67.2
Minority interest in consolidated joint ventures	51	113	(62)	(54.9)
Total other (expense) income	(32,686)	(39,596)	6,910	17.5
Income from continuing operations before minority interest in Operating Partnership	23,053	16,293	6,760	41.5
Minority interest in Operating Partnership	(4,146)	(3,169)	(977)	(30.8)
Income from continuing operations	18,907	13,124	5,783	44.1
Discontinued operations (net of minority interest):				
Income from discontinued operations	20	3,387	(3,367)	(99.4)
Realized gains (losses) and unrealized losses on disposition of rental property, net	4,533	--	4,533	--
Total discontinued operations, net	4,553	3,387	1,166	34.4
Net income	23,460	16,511	6,949	42.1
Preferred stock dividends	(500)	(500)	--	--
Net income available to common shareholders	\$ 22,960	\$ 16,011	\$ 6,949	43.4%

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

<i>(dollars in thousands)</i>	<u>Total Company</u>		<u>Same-Store Properties</u>		<u>Acquired Properties</u>	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations and other:						
Base rents	\$ 8,265	6.0%	\$ 2,189	1.6%	\$ 6,076	4.4%
Escalations and recoveries from tenants	2,532	10.1	953	3.8	1,579	6.3
Other income	6,242	121.6	6,218	121.0	24	0.6
Total	\$17,039	10.2%	\$ 9,360	5.6%	\$ 7,679	4.6%
Property expenses:						
Real estate taxes	\$ (77)	(0.3)%	\$(1,044)	(4.6)%	\$ 967	4.3%
Utilities	3,379	18.2	2,815	15.2	564	3.0
Operating services	(2,735)	(9.2)	(4,527)	(15.2)	1,792	6.0
Total	\$ 567	0.8%	\$(2,756)	(3.9)%	\$ 3,323	4.7%

OTHER DATA:

Number of Consolidated Properties
(excluding properties held for sale): 255
Square feet *(in thousands)* 29,245

250
28,431

5
814

Base rents for the Same-Store Properties increased \$2.2 million, or 1.6 percent, for 2007 as compared to 2006, due primarily to an increase in the percentage of space leased at the properties in 2007 from 2006. Escalations and recoveries from tenants for the Same-Store Properties increased \$1.0 million, or 3.8 percent, for 2007 over 2006, due primarily to an increased amount of total property expenses in 2007. Other income for the Same-Store Properties increased \$6.2 million, or 121.0 percent, due primarily to an increase in lease termination fees.

Real estate taxes on the Same-Store Properties decreased \$1.0 million, or 4.6 percent, for 2007 as compared to 2006, due primarily to lower assessments on certain properties in 2007. Utilities for the Same-Store Properties increased \$2.8 million, or 15.2 percent, for 2007 as compared to 2006, due primarily to increased electric rates in 2007 as compared to 2006. Operating services for the Same-Store Properties decreased \$4.5 million, or 15.2 percent due primarily to a decrease of \$5.7 million resulting from the contribution of the Gale facilities management business to an unconsolidated joint venture in late 2006, partially offset by an increase of \$0.7 million in property management salaries and related expenses and an increase of \$0.5 million in maintenance costs for 2007, as compared to 2006.

Construction services revenue decreased \$0.3 million, or 1.4 percent, in 2007 as compared to 2006, due to less activity at The Gale Company and its related businesses acquired by the Company in May 2006 (the "Gale/Green Transaction"). Real estate services revenue decreased by \$5.1 million, for 2007 as compared to 2006, due primarily to the contribution of the Gale facilities management business to an unconsolidated joint venture in late 2006.

Direct construction costs decreased \$0.1 million, or 0.4 percent, in 2007 as compared to 2006, due primarily to lesser activity of the Gale Company and its related businesses. General and administrative expense increased by \$1.2 million, or 10.2 percent, for 2007 as compared to 2006 due primarily to the write-off of costs related to a development project no longer considered viable.

Depreciation and amortization increased by \$10.1 million, or 25.3 percent, for 2007 over 2006. Of this increase, \$4.4 million, or 11.1 percent, is attributable to the Acquired Properties, and \$5.7 million, or 14.2 percent, is attributable to the Same-Store Properties, due primarily to depreciation on increased tenant installation costs.

Interest expense decreased \$3.3 million, or 9.3 percent, for 2007 as compared to 2006. This decrease was due primarily to lower average debt balances in 2007 as compared to 2006.

Interest and other investment income increased \$0.5 million, or 91.6 percent, for 2007 as compared to 2006. This increase was due primarily to higher cash balances invested during the period.

Equity in earnings of unconsolidated joint ventures increased \$3.2 million, or 67.2 percent, for 2007 as compared to 2006. The increase was due primarily to losses in 2006 of \$1.9 million in the Meadowlands Xanadu venture, and \$0.4 million in the G&G Martco venture with no activity in 2007, as well as a decreased loss in 2007 of \$0.7 million in the Mack-Green joint venture and a decreased loss of \$0.4 million in the Route 93 joint venture.

Income from continuing operations before minority interest in Operating Partnership increased to approximately \$23.1 million in 2007 from \$16.3 million in 2006. The increase of approximately \$6.8 million is due to the factors discussed above.

Net income available to common shareholders increased by approximately \$7.0 million, from \$16.0 million in 2006 to \$23.0 million in 2007. This increase was the result of an increase in income from continuing operations before minority interest in Operating Partnership of \$6.8 million and a realized gain on disposition of rental property of \$4.5 million in 2007. These were partially offset by a decrease in income from discontinued operations of approximately \$3.3 million for 2007 as compared to 2006, and an increase in minority interest in Operating Partnership of \$1.0 million for 2007 as compared to 2006.

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

<i>(dollars in thousands)</i>	Nine Months Ended September 30,		Dollar	Percent
	2007	2006	Change	Change
Revenue from rental operations and other:				
Base rents	\$427,574	\$398,109	\$ 29,465	7.4%
Escalations and recoveries from tenants	79,477	69,202	10,275	14.8
Other income	17,628	13,318	4,310	32.4
Total revenues from rental operations	524,679	480,629	44,050	9.2
Property expenses:				
Real estate taxes	69,744	64,431	5,313	8.2
Utilities	54,818	46,235	8,583	18.6
Operating services	79,070	75,867	3,203	4.2
Total property expenses	203,632	186,533	17,099	9.2
Non-property revenues:				
Construction services	68,722	36,286	32,436	89.4
Real estate services	13,267	19,015	(5,748)	(30.2)
Total non-property revenues	81,989	55,301	26,688	48.3
Non-property expenses:				
Direct construction costs	66,024	35,148	30,876	87.8
General and administrative	37,351	32,794	4,557	13.9
Depreciation and amortization	135,064	115,681	19,383	16.8
Total non-property expenses	238,439	183,623	54,816	29.9
Operating income	164,597	165,774	(1,177)	(0.7)
Other (expense) income:				
Interest expense	(94,432)	(99,575)	5,143	5.2
Interest and other investment income	4,173	2,359	1,814	76.9
Equity in earnings (loss) of unconsolidated joint ventures	(5,486)	(5,356)	(130)	(2.4)
Minority interest in consolidated joint ventures	492	143	349	244.1
Gain on sale of investment in marketable securities	--	15,060	(15,060)	(100.0)
Total other (expense) income	(95,253)	(87,369)	(7,884)	(9.0)
Income from continuing operations before minority interest in Operating Partnership	69,344	78,405	(9,061)	(11.6)
Minority interest in Operating Partnership	(12,564)	(14,959)	2,395	16.0
Income from continuing operations	56,780	63,446	(6,666)	(10.5)
Discontinued operations (net of minority interest):				
Income from discontinued operations	1,057	9,375	(8,318)	(88.7)
Realized gains (losses) and unrealized losses on disposition of rental property, net	36,280	3,921	32,359	825.3
Total discontinued operations, net	37,337	13,296	24,041	180.8
Net income	94,117	76,742	17,375	22.6
Preferred stock dividends	(1,500)	(1,500)	--	--
Net income available to common shareholders	\$ 92,617	\$ 75,242	\$ 17,375	23.1%

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

<i>(dollars in thousands)</i>	<u>Total Company</u>		<u>Same-Store Properties</u>		<u>Acquired Properties</u>	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations and other:						
Base rents	\$ 29,465	7.4%	\$ 12,664	3.2%	\$ 16,801	4.2%
Escalations and recoveries from tenants	10,275	14.8	6,847	9.9	3,428	4.9
Other income	4,310	32.4	4,205	31.6	105	0.8
Total	\$ 44,050	9.2%	\$ 23,716	4.9%	\$ 20,334	4.3%
Property expenses:						
Real estate taxes	\$ 5,313	8.2%	\$ 2,943	4.6%	\$ 2,370	3.6%
Utilities	8,583	18.6	6,745	14.6	1,838	4.0
Operating services	3,203	4.2	7,335	9.7	(4,132)	(5.5)
Total	\$ 17,099	9.2%	\$ 17,023	9.1%	\$ 76	0.1%

OTHER DATA:

Number of Consolidated Properties (excluding properties held for sale):	255	240	15
Square feet <i>(in thousands)</i>	29,245	27,070	2,175

Base rents for the Same-Store Properties increased \$12.7 million, or 3.2 percent, for 2007 as compared to 2006, due primarily to an increase in the percentage of space leased at the properties in 2007 from 2006. Escalations and recoveries from tenants for the Same-Store Properties increased \$6.8 million, or 9.9 percent, for 2007 over 2006, due primarily to an increased amount of total property expenses in 2007. Other income for the Same-Store Properties increased \$4.2 million, or 31.6 percent, due primarily to an increase in lease termination fees.

Real estate taxes on the Same-Store Properties increased \$2.9 million, or 4.6 percent, for 2007 as compared to 2006, due primarily to property tax rate increases in certain municipalities in 2007, partially offset by reduced assessments on certain properties in 2007. Utilities for the Same-Store Properties increased \$6.7 million, or 14.6 percent, for 2007 as compared to 2006, due primarily to increased electric rates in 2007 as compared to 2006. Operating services for the Same-Store Properties increased \$7.3 million, or 9.7 percent due primarily to increased maintenance costs of \$3.4 million, an increase in salaries and related expenses of \$1.6 million for 2007, an increase in snow removal costs of \$0.8 million and an increase in property insurance expense of \$0.4 million for 2007 as compared to 2006. Included in the \$4.1 million decrease in operating services of the Acquired Properties for 2007 as compared to 2006 is the effect of a decrease of \$9.0 million in 2007 resulting from the contribution of the Gale facilities management business to an unconsolidated joint venture in late 2006.

Construction services revenue increased \$32.4 million in 2007 as compared to 2006, due to the effect of the Gale/Green Transactions completed in May 2006. Real estate services revenues decreased by \$5.7 million, for 2007 as compared to 2006, due primarily to the contribution of the Gale facilities management business to an unconsolidated joint venture in late 2006.

Direct construction costs increased \$30.9 million in 2007 as compared to 2006, due primarily to the effect of the Gale/Green Transactions. General and administrative expense increased by \$4.6 million, or 13.9 percent, for 2007 as compared to 2006 due primarily to the effect of the Gale/Green Transactions.

Depreciation and amortization increased by \$19.4 million, or 16.8 percent, for 2007 over 2006. Of this increase, \$12.5 million, or 10.8 percent, is attributable to the Acquired Properties, and \$6.9 million, or 6.0 percent, is attributable to the Same-Store Properties, due primarily to depreciation on increased tenant installation costs.

Interest expense decreased \$5.1 million, or 5.2 percent, for 2007 as compared to 2006. This decrease was due primarily to lower average debt balances in 2007 as compared to 2006.

Interest and other investment income increased \$1.8 million, or 76.9 percent, for 2007 as compared to 2006. This increase was due primarily to higher cash balances invested during the period.

Equity in earnings of unconsolidated joint ventures decreased \$0.1 million, or 2.4 percent, for 2007 as compared to 2006. The decrease was due primarily to a loss in 2007 of \$1.6 million in the Route 93 joint venture and an increased loss in 2007 of \$1.3 million in the Mack-Green joint venture, partially offset by losses in 2006 of \$1.9 million in the Meadowlands Xanadu venture and \$0.7 million in the G&G Martco venture, with no activity for these ventures in 2007.

The Company recognized a gain on sale of investment in marketable securities of \$15.1 million in 2006, with no gain in 2007.

Income from continuing operations before minority interest in Operating Partnership decreased to approximately \$69.3 million in 2007 from \$78.4 million in 2006. The decrease of approximately \$9.1 million is due to the factors discussed above.

Net income available to common shareholders increased by approximately \$17.4 million, from \$75.2 million in 2006 to \$92.6 million in 2007. This increase was the result of a realized gain on disposition of rental property of \$36.3 million in 2007 and a decrease in minority interest in Operating Partnership of \$2.4 million for 2007 as compared to 2006. These were partially offset by a decrease in income from continuing operation before minority interest in Operating Partnership of \$9.1 million for 2007 as compared to 2006, a decrease in income from discontinued operations of \$8.3 million for 2007 as compared to 2006, and realized a gain on disposition of rental property of \$3.9 million in 2006.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Overview:

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

The Company believes that with the general downturn in the Company's markets in recent years, it is reasonably likely that vacancy rates may continue to increase, effective rental rates on new and renewed leases may continue to decrease and tenant installation costs, including concessions, may continue to increase in most or all of its markets in 2007. As a result of the potential negative effects on the Company's revenue from the overall reduced demand for office space, the Company's cash flow could be insufficient to cover increased tenant installation costs over the short-term. If this situation were to occur, the Company expects that it would finance any shortfalls through borrowings under its revolving credit facility and other debt and equity financings.

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

and short-term borrowings (including draws on the Company's revolving credit facility) and the issuance of additional debt and/or equity securities.

Gale Earn-Out and Agreement:

The agreement to acquire the Gale Company ("Gale Agreement"), which was completed as part of the Gale/Green transactions on May 9, 2006, contained earn-out provisions ("Earn-Out") providing for the payment of contingent purchase consideration of up to \$18 million in cash based upon the achievement of Gross Income and NOI (as such terms were defined in the Gale Agreement) targets and other events for the three years following the closing date.

On May 23, 2007, the Company entered into an amendment (the "Amendment") to the Gale Agreement. The Amendment eliminated the Earn-Out and substituted an aggregate of \$14 million in payments by the Company consisting of the following: (1) \$8 million, which was paid on May 31, 2007; (2) \$3 million on May 9, 2008; and (3) \$3 million on May 9, 2009.

In October 2007, the Company reached an agreement with Stanley C. Gale, the seller of the Gale Company, Mark Yeager, an executive officer of the Company, and certain affiliates of Messrs. Gale and Yeager, which are parties to certain non-portfolio interest joint ventures with the Company, to provide primarily for the following:

- (1) The Company agreed to satisfy the requirements for the \$3 million payment due on May 9, 2008 and the \$3 million payment due on May 9, 2009 as of October 31, 2007 by:
 - (a) paying \$4 million in cash; and
 - (b) transferring to an entity whose beneficial owners includes Messrs. Gale and Yeager a 49.8 percent interest in an entity that owns one of the non-portfolio interests in a development project located in Belmar, New Jersey, which it acquired in June 2006 pursuant to the Gale Agreement for \$1.6 million. On September 30, 2007, the Company wrote off \$2.1 million of costs related to this project, as it believes the project is no longer viable, which is included in general and administrative expense for the three and nine months ended September 30, 2007.
- (2) Under the Gale Agreement, the Company is obligated to acquire from an entity whose beneficial owners include Messrs. Gale and Yeager (the "Florham Entity"), a 50 percent interest in a venture which owns a developable land parcel in Florham Park, New Jersey (the "Florham Park Land") for a maximum purchase price of up to \$10.5 million, subject to reduction based on developable square feet approved and other conditions, with the completion of such acquisition subject to the Florham Entity obtaining final development permits and approvals and related conditions necessary to allow for office development expected to be 600,000 square feet. The Company has agreed to waive its contractual rights for reimbursement from the Florham Entity for certain costs incurred by the Company securing approvals for the development of the Florham Park Land and to defer collection of other costs. Such deferred other costs, including a carrying charge of six percent per annum, will be credited against the purchase price of the Florham Park Land at closing. In the event the acquisition of the Florham Park Land does not close by May 9, 2009, subject to certain conditions, the Florham Entity will be obligated to pay the deferred other costs and an additional \$1 million to the Company at that time.
- (3) The Company has agreed to settle a dispute and treat the right to receive certain commission payments in the approximate amount of \$2.3 million as an excluded asset under the Gale Agreement, which commissions may become payable in the event that Sanofi-Aventis exercises its option to cause the 55 Corporate venture (see Note 4: Investment in Unconsolidated Joint Ventures) to construct a building which Sanofi-Aventis would lease on a long-term basis, as well as the completion of certain related events. The Company has agreed to pay directly to an entity whose beneficial owners include Messrs. Gale and Yeager up to \$769,000 of these commissions when and if due. In the event that Sanofi-Aventis does not exercise its option and the 55 Corporate venture receives the \$7 million penalty, no amounts would be due to Messrs. Gale and Yeager or any of their affiliates.

Construction Projects:

The Company owns a 15 percent indirect interest in a joint venture which plans to develop approximately 1.2 million square foot mixed-use project in downtown Boston consisting of office and retail space, condominium

apartments, a hotel and garage. The development project, which is subject to government approval, is currently projected to cost approximately \$710 million, of which the Company is currently projected to invest a total of approximately \$26.6 million (of which the Company has invested \$16.6 million through October 26, 2007).

On February 22, 2007, the Company announced that it agreed to develop a 250,000 square-foot class A office building for Wyndham Worldwide Corporation for its corporate headquarters. In July 2007, the Company commenced construction on the building, which Wyndham Worldwide pre-leased for 15 years, on a land site located in the Company's Mack-Cali Business Campus in Parsippany, New Jersey. The building is expected to be completed in the fourth quarter 2008 at a total estimated cost of approximately \$64.8 million.

REIT Restrictions:

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

Property Lock-Ups:

The Company may not dispose of or distribute certain of its properties, currently comprising 46 properties with an aggregate net book value of approximately \$1.2 billion, which were originally contributed by members of either the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; David S. Mack, director; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Martin S. Berger, director; Robert F. Weinberg, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, director, and John J. Cali, a former director) or certain other common unitholders, without the express written consent of a representative of the Mack Group, the Robert Martin Group, the Cali Group or the specific certain other 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 Mack Group, Robert Martin Group, Cali Group members or the specific certain other 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 generally is 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 appropriate Mack Group, Robert Martin Group, Cali Group members or the specific certain other common unitholders. 91 of the Company's properties, with an aggregate net book value of approximately \$891.6 million, have lapsed restrictions and are subject to these conditions.

Unencumbered Properties:

As of September 30, 2007, the Company had 238 unencumbered properties, totaling 25.7 million square feet, representing 87.7 percent of the Company's total portfolio on a square footage basis.

Credit Ratings:

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

Cash Flows

Cash and cash equivalents decreased by \$71.2 million to \$30.0 million at September 30, 2007, compared to \$101.2 million at December 31, 2006. The decrease is comprised of the following net cash flow items:

- (1) \$171.2 million provided by operating activities.
- (2) \$322.7 million used in investing activities, consisting primarily of the following:
 - (a) \$356.2 million used for additions to rental property and related intangibles; plus
 - (b) \$4.9 million used for purchasing of Available For Sale Securities; plus
 - (c) \$22.3 million used in investing in unconsolidated joint ventures; minus
 - (d) \$57.2 million received from proceeds from the sales of rental property.
- (3) \$80.2 million provided by financing activities, consisting primarily of the following:
 - (a) \$251.7 million in proceeds from the offering of Common Stock; plus
 - (b) \$395 million from borrowings under the Company's unsecured credit facility; minus
 - (c) \$374 million used for the repayment of borrowings under the Company's unsecured credit facility; minus
 - (d) \$25.4 million used for the repayment of mortgages, loans payable and other obligations; minus
 - (e) \$157.8 million used for the payment of dividends and distributions.

Debt Financing**Summary of Debt:**

The following is a breakdown of the Company's debt financing as of September 30, 2007:

	Balance (\$000's)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt	\$1,662,890	78.03%	6.29%	4.55
Fixed Rate Secured Debt and Other Obligations	302,228	14.18%	5.36%	4.27
Variable Rate Unsecured Debt	166,000	7.79%	6.05%	3.73
Totals/Weighted Average:	\$2,131,118	100.00%	6.14%	4.45

Debt Maturities:

Scheduled principal payments and related weighted average annual interest rates for the Company's debt as of September 30, 2007 are as follows:

Period	Scheduled Amortization (\$000's)	Principal Maturities (\$000's)	Total (\$000's)	Weighted Average Interest Rate of Future Repayments (a)
2007	\$ 4,521	\$ --	\$ 4,521	5.04%
2008	20,336	12,563	32,899	5.23%
2009	11,426	300,000	311,426	7.40%
2010	2,583	334,500	337,083	5.26%
2011	2,745	466,000	468,745	7.25%
Thereafter	8,566	970,766	979,332	5.57%
Sub-total	50,177	2,083,829	2,134,006	6.14%
Adjustment for unamortized debt discount/premium, net, as of September 30, 2007	(2,888)	--	(2,888)	
Totals/Weighted Average	\$47,289	\$2,083,829	\$2,131,118	6.14%

Senior Unsecured Notes:

The terms of the Company's senior unsecured notes (which totaled approximately \$1.6 billion as of September 30, 2007) include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

Unsecured Revolving Credit Facility:

The Company has an unsecured revolving credit facility with a borrowing capacity of \$775 million (expandable to \$800 million). The facility matures in June 2011, with an extension option of one year, which would require a payment of 15 basis points of the then borrowing capacity of the facility upon exercise. In addition, the interest rate on outstanding borrowings (not electing the Company's competitive bid feature) was reduced by 10 basis points to LIBOR plus 55 basis points at the BBB/Baa2 pricing level. As of October 26, 2007, the Company had \$217 million of outstanding borrowings under its unsecured revolving credit facility.

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

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

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

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

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

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

Mortgages, Loans Payable and Other Obligations:

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

On February 5, 2007, the Company repaid its \$9.4 million loan with Allstate Life Insurance Company collateralized by 200 Riser Road, which was scheduled to mature on April 1, 2007, at par, using available cash.

On February 15, 2007, the Company repaid its \$5.9 million loan with State Farm Life Insurance Company collateralized by 6303 Ivy Lane, which was scheduled to mature on July 1, 2007, at par, using available cash.

Debt Strategy:

The Company does not intend to reserve funds to retire the Company's senior unsecured notes or its mortgages, loans payable and other obligations upon maturity. Instead, the Company will seek to refinance such debt at maturity or retire such debt through the issuance of additional equity or debt securities on or before the applicable maturity dates. If it cannot raise sufficient proceeds to retire the maturing debt, the Company may draw on its revolving credit facility to retire the maturing indebtedness, which would reduce the future availability of funds under such facility. As of October 26, 2007, the Company had \$217 million in outstanding borrowings under its \$775 million unsecured revolving credit facility. The Company is reviewing various refinancing options, including the purchase of its senior unsecured notes in privately-negotiated transactions, the issuance of additional, or exchange of current, unsecured debt, preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 2007. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distributions discussed below may be adversely affected.

Equity Financing and Registration Statements

Equity Activity:

The following table presents the changes in the Company's issued and outstanding shares of Common Stock and the Operating Partnership's common units for the nine months ended September 30, 2007:

	Common Stock	Common Units	Total
Outstanding at January 1, 2007	62,925,191	15,342,283	78,267,474
Common Stock offering	4,650,000	--	4,650,000
Stock options exercised	128,290	--	128,290
Common units redeemed for Common Stock	210,566	(210,566)	--
Common units issued	--	114,911	114,911
Shares issued under Dividend Reinvestment and Stock Purchase Plan	5,070	--	5,070
Restricted shares issued	13,000	--	13,000
Repurchase of Common Stock	(283,700)	--	(283,700)
Outstanding at September 30, 2007	67,648,417	15,246,628	82,895,045

Share Repurchase Program:

The Company has a share repurchase program which was authorized by its Board of Directors in September 2007 to purchase up to \$150 million of the Company's outstanding common stock ("Repurchase Program"), which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions. During the quarter ended September 30, 2007, the Company purchased and retired 283,700 shares of its outstanding common stock for a cost of approximately \$11,170,000, with a remaining authorization under the Repurchase Program of \$138,830,000.

Shelf Registration Statements:

The Company has an effective shelf registration statement on Form S-3 filed with the Securities and Exchange Commission ("SEC") for an aggregate amount of \$2.0 billion in common stock, preferred stock, depositary shares, and/or warrants of the Company, under which \$260.1 million of securities have been sold through October 16, 2007 and \$1.7 billion remains available for future issuances.

The Company and the Operating Partnership also have an effective shelf registration statement on Form S-3 filed with the SEC for an aggregate amount of \$2.5 billion in common stock, preferred stock, depositary shares and guarantees of the Company and debt securities of the Operating Partnership, under which \$600 million of securities have been sold through October 16, 2007 and \$1.9 billion remains available for future issuances.

Off-Balance Sheet Arrangements

Unconsolidated Joint Venture Debt:

The debt of the Company's unconsolidated joint ventures aggregating \$607.8 million at September 30, 2007, is non-recourse to the Company except for customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions and material misrepresentations. The Company has also posted a \$7.0 million letter of credit in support of the Harborside South Pier joint venture, \$3.5 million of which is indemnified by Hyatt.

The Company's off-balance sheet arrangements are further discussed in Note 4: Investments in Unconsolidated Joint Ventures to the Financial Statements.

Contractual Obligations

The following table outlines the timing of payment requirements related to the Company's debt (principal and interest), PILOT agreements, ground lease and other agreements as of September 30, 2007:

<i>(dollars in thousands)</i>	Total	Payments Due by Period				
		Less than 1 Year	1 – 3 Years	4 – 5 Years	6 – 10 Years	After 10 Years
Senior unsecured notes	\$2,106,274	\$100,494	\$618,364	\$518,076	\$869,340	--
Revolving credit facility	203,675	10,046	20,093	173,536	--	--
Mortgages, loans payable and other obligations	402,200	49,149	213,395	18,759	92,103	\$28,794
Payments in lieu of taxes (PILOT)	66,958	4,194	12,755	8,670	23,683	17,656
Operating lease payments	127	92	35	--	--	--
Ground lease payments	37,569	491	1,499	1,002	2,445	32,132
Gale settlement payments	6,000	3,000	3,000	--	--	--
Total	\$2,822,803	\$167,466	\$869,141	\$720,043	\$987,571	\$78,582

Inflation

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

Among the factors about which we have made assumptions are:

- changes in the general economic climate and conditions, including those affecting industries in which our principal tenants compete;
- the extent of any tenant bankruptcies or of any early lease terminations;
- our ability to lease or re-lease space at current or anticipated rents;
- changes in the supply of and demand for office, office/flex and industrial/warehouse properties;
- changes in interest rate levels;
- changes in operating costs;

- our ability to obtain adequate insurance, including coverage for terrorist acts;
- the availability of financing;
- changes in governmental regulation, tax rates and similar matters; and
- other risks associated with the development and acquisition of properties, including risks that the development may not be completed on schedule, that the tenants will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Approximately \$2.0 billion of the Company's long-term debt and other obligations bears interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents principal cash flows based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rate on the variable rate debt as of September 30, 2007, was LIBOR plus 55 basis points.

(dollars in thousands)

September 30, 2007 Debt, <u>including current portion</u>	Maturity Date						Total	Fair Value
	10/1/07 – 12/31/07	2008	2009	2010	2011	Thereafter		
Fixed Rate	\$4,299	\$31,926	\$310,522	\$336,398	\$302,329	\$979,644	\$1,965,118	\$1,950,805
Average Interest Rate	5.04%	5.23%	7.40%	5.26%	7.91%	5.57%	6.15%	
Variable Rate					\$166,000		\$ 166,000	\$ 166,000

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

Item 4. Controls and Procedures

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

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

MACK-CALI REALTY CORPORATION

Part II – Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Not Applicable.

MACK-CALI REALTY CORPORATION

Part II – Other Information (continued)

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

(a) **COMMON STOCK**

During the three months ended September 30, 2007, the Company issued 3,964 shares of common stock to holders of common units in the Operating Partnership upon the redemption of such common units in private offerings pursuant to Section 4(2) of the Securities Act. The holders of the common units were limited partners of the Operating Partnership and accredited investors under Rule 501 of the Securities Act. The common units were converted into an equal number of shares of common stock. The Company has registered the resale of such shares under the Securities Act.

(b) Not Applicable.

(c)

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plan (1)</u>	<u>Maximum Dollar Value of Shares That May Yet be Purchase under the Announced Plan (1)</u>
July 1, 2007 to July 31, 2007	0	N/A	0	\$150,000,000
August 1, 2007 to August 31, 2007	280,700	\$39.34	280,700	\$138,949,780.70
September 1, 2007 to September 30, 2007	3,000	\$39.95	3,000	\$138,829,930.70
TOTAL:	283,700	\$39.34	283,700	\$138,829,930.70

(1) The Board of Directors of the Company adopted a \$100 million share repurchase program on August 6, 1998, re-authorized and increased the share repurchase program to \$150 million on September 13, 2000, and further re-authorized and increased the share repurchase program to \$150 million on September 12, 2007. The share repurchase program authorizes repurchases from time to time in open market transactions at prevailing prices or through privately negotiated transactions and is not subject to an expiration date.

Item 3. Defaults Upon Senior Securities

Not Applicable.

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

Not Applicable.

MACK-CALI REALTY CORPORATION

Part II – Other Information (continued)

Item 5. Other Information

- (a) None.
- (b) None.

Item 6. Exhibits

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

MACK-CALI REALTY CORPORATION

Signatures

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

Mack-Cali Realty Corporation
(Registrant)

Date: October 31, 2007

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

Date: October 31, 2007

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

Exhibit Index

Exhibit Number	Exhibit Title
3.1	Restated Charter of Mack-Cali Realty Corporation dated June 11, 2001 (filed as Exhibit 3.1 to the Company's Form 10-Q dated June 30, 2001 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Mack-Cali Realty Corporation dated June 10, 1999 (filed as Exhibit 3.2 to the Company's Form 8-K dated June 10, 1999 and incorporated herein by reference).
3.3	Amendment No. 1 to the Amended and Restated Bylaws of Mack-Cali Realty Corporation dated March 4, 2003, (filed as Exhibit 3.3 to the Company's Form 10-Q dated March 31, 2003 and incorporated herein by reference).
3.4	Amendment No. 2 to the Mack-Cali Realty Corporation Amended and Restated Bylaws dated May 24, 2006 (filed as Exhibit 3.1 to the Company's Form 8-K dated May 24, 2006 and incorporated herein by reference).
3.5	Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated December 11, 1997 (filed as Exhibit 10.110 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.6	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated August 21, 1998 (filed as Exhibit 3.1 to the Company's and the Operating Partnership's Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.7	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated July 6, 1999 (filed as Exhibit 10.1 to the Company's Form 8-K dated July 6, 1999 and incorporated herein by reference).
3.8	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated September 30, 2003 (filed as Exhibit 3.7 to the Company's Form 10-Q dated September 30, 2003 and incorporated herein by reference).
3.9	Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P. (filed as Exhibit 10.101 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.10	Articles Supplementary for the 8% Series C Cumulative Redeemable Perpetual Preferred Stock dated March 11, 2003 (filed as Exhibit 3.1 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
3.11	Certificate of Designation for the 8% Series C Cumulative Redeemable Perpetual Preferred Operating Partnership Units dated March 14, 2003 (filed as Exhibit 3.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).

Exhibit Number	Exhibit Title
4.1	Amended and Restated Shareholder Rights Agreement, dated as of March 7, 2000, between Mack-Cali Realty Corporation and EquiServe Trust Company, N.A., as Rights Agent (filed as Exhibit 4.1 to the Company's Form 8-K dated March 7, 2000 and incorporated herein by reference).
4.2	Amendment No. 1 to the Amended and Restated Shareholder Rights Agreement, dated as of June 27, 2000, by and among Mack-Cali Realty Corporation and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Form 8-K dated June 27, 2000 and incorporated herein by reference).
4.3	Indenture dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, Mack-Cali Realty Corporation, as guarantor, and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.4	Supplemental Indenture No. 1 dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.5	Supplemental Indenture No. 2 dated as of August 2, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to the Operating Partnership's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
4.6	Supplemental Indenture No. 3 dated as of December 21, 2000, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 21, 2000 and incorporated herein by reference).
4.7	Supplemental Indenture No. 4 dated as of January 29, 2001, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated January 29, 2001 and incorporated herein by reference).
4.8	Supplemental Indenture No. 5 dated as of December 20, 2002, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 20, 2002 and incorporated herein by reference).
4.9	Supplemental Indenture No. 6 dated as of March 14, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
4.10	Supplemental Indenture No. 7 dated as of June 12, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated June 12, 2003 and incorporated herein by reference).
4.11	Supplemental Indenture No. 8 dated as of February 9, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated February 9, 2004 and incorporated herein by reference).

Exhibit Number	Exhibit Title
4.12	Supplemental Indenture No. 9 dated as of March 22, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 22, 2004 and incorporated herein by reference).
4.13	Supplemental Indenture No. 10 dated as of January 25, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 25, 2005 and incorporated herein by reference).
4.14	Supplemental Indenture No. 11 dated as of April 15, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated April 15, 2005 and incorporated herein by reference).
4.15	Supplemental Indenture No. 12 dated as of November 30, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated November 30, 2005 and incorporated herein by reference).
4.16	Supplemental Indenture No. 13 dated as of January 24, 2006, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 18, 2006 and incorporated herein by reference).
4.17	Deposit Agreement dated March 14, 2003 by and among Mack-Cali Realty Corporation, EquiServe Trust Company, N.A., and the holders from time to time of the Depositary Receipts described therein (filed as Exhibit 4.1 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
10.1	Amended and Restated Employment Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.2	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.3	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.4	Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
10.5	Employment Agreement dated as of May 9, 2006 by and between Mark Yeager and Mack-Cali Realty Corporation (filed as Exhibit 10.15 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

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

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

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

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

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

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

Exhibit Number	Exhibit Title
10.70	Tax Gross Up Agreement effective December 5, 2006 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.20 to the Company's Form 8-K dated December 5, 2006 and incorporated herein by reference).
10.71	Form of Multi-Year Restricted Share Award Agreement (filed as Exhibit 10.1 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.72	Form of Tax Gross-Up Agreement (filed as Exhibit 10.2 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.73	Amended and Restated Revolving Credit Agreement dated as of September 27, 2002, among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with JPMorgan Chase Bank, as administrative agent, swing lender and fronting bank, Fleet National Bank and Commerzbank AG, New York and Grand Cayman branches as syndication agents, Bank of America, N.A. and Wells Fargo Bank, National Association, as documentation agents, and J.P. Morgan Securities Inc. and Fleet Securities, Inc, as arrangers (filed as Exhibit 10.1 to the Company's Form 8-K dated September 27, 2002 and incorporated herein by reference).
10.74	Second Amended and Restated Revolving Credit Agreement among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., Bank of America, N.A., and other lending institutions that are or may become a party to the Second Amended and Restated Revolving Credit Agreement dated as of November 23, 2004 (filed as Exhibit 10.1 to the Company's Form 8-K dated November 23, 2004 and incorporated herein by reference).
10.75	Extension and Modification Agreement dated as of September 16, 2005 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders Party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated September 16, 2005 and incorporated herein by reference).
10.76	Second Modification Agreement dated as of July 14, 2006 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated July 14, 2006 and incorporated herein by reference).
10.77	Extension and Third Modification Agreement dated as of June 22, 2007 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto. (filed as Exhibit 10.1 to the Company's Form 8-K dated June 22, 2007 and incorporated herein by reference).
10.78	Fourth Modification Agreement dated as of September 21, 2007 by and among Mack Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated September 21, 2007 and incorporated herein by reference).
10.79	Amended and Restated Master Loan Agreement dated as of November 12, 2004 among Mack-Cali Realty, L.P., and Affiliates of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P., as Borrowers, Mack-Cali Realty Corporation and Mack-Cali Realty L.P., as Guarantors and The Prudential Insurance Company of America, as Lender (filed as Exhibit 10.1 to the Company's Form 8-K dated November 12, 2004 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.80	Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
10.81	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
10.82	Employee Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.83	Director Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.84	2000 Employee Stock Option Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference), as amended by the First Amendment to the 2000 Employee Stock Option Plan (filed as Exhibit 10.17 to the Company's Form 10-Q dated June 30, 2002 and incorporated herein by reference).
10.85	Amended and Restated 2000 Director Stock Option Plan (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-8, Registration No. 333-100244, and incorporated herein by reference).
10.86	Mack-Cali Realty Corporation 2004 Incentive Stock Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-116437, and incorporated herein by reference).
10.87	Deferred Compensation Plan for Directors (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-80081, and incorporated herein by reference).
10.88	Form of Indemnification Agreement by and between Mack-Cali Realty Corporation and each of William L. Mack, John J. Cali, Mitchell E. Hersh, John R. Cali, David S. Mack, Martin S. Berger, Alan S. Bernikow, Kenneth M. Duberstein, Martin D. Gruss, Nathan Gantcher, Vincent Tese, Roy J. Zuckerberg, Alan G. Philibosian, Irvin D. Reid, Robert F. Weinberg, Barry Lefkowitz, Roger W. Thomas, Michael A. Grossman, Mark Yeager, Anthony Krug, Dean Cingolani, Anthony DeCaro Jr., Mark Durmo, William Fitzpatrick, John Kropke, Nicholas Mitarotonda, Jr., Michael Nevins, Virginia Sobol, Albert Spring, Daniel Wagner, Deborah Franklin, John Marazzo, Christopher DeLorenzo, Jeffrey Warner, Diane Chayes and James Corrigan (filed as Exhibit 10.28 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.89	Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and John Crandall (filed as Exhibit 10.29 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.90	Second Amendment to Contribution and Exchange Agreement, dated as of June 27, 2000, between RMC Development Company, LLC f/k/a Robert Martin Company, LLC, Robert Martin Eastview North Company, L.P., the Company and the Operating Partnership (filed as Exhibit 10.44 to the Company's Form 10-K dated December 31, 2002 and incorporated herein by reference).
10.91	Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated November 25, 2003 (filed as Exhibit 10.1 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.92	Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated December 3, 2003 (filed as Exhibit 10.2 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.93	First Amendment to Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated October 5, 2004 (filed as Exhibit 10.54 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).
10.94	Letter Agreement by and between Mack-Cali Realty Corporation and The Mills Corporation dated October 5, 2004 (filed as Exhibit 10.55 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).
10.95	First Amendment to Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated as of June 30, 2005 (filed as Exhibit 10.66 to the Company's Form 10-Q dated June 30, 2005 and incorporated herein by reference).
10.96	Mack-Cali Rights, Obligations and Option Agreement by and between Meadowlands Developer Limited Partnership, Meadowlands Limited Partnership, Meadowlands Developer Holding Corp., Meadowlands Mack-Cali GP, L.L.C., Mack-Cali Meadowlands Special, L.L.C., Baseball Meadowlands Mills/Mack-Cali Limited Partnership, A-B Office Meadowlands Mack-Cali Limited Partnership, C-D Office Meadowlands Mack-Cali Limited Partnership, Hotel Meadowlands Mack-Cali Limited Partnership and ERC Meadowlands Mills/Mack-Cali Limited Partnership dated November 22, 2006 (filed as Exhibit 10.92 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.97	Redemption Agreement by and among Meadowlands Developer Limited Partnership, Meadowlands Developer Holding Corp., Mack-Cali Meadowlands entertainment L.L.C., Mack-Cali Meadowlands Special L.L.C., and Meadowlands Limited Partnership dated November 22, 2006 (filed as Exhibit 10.93 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.98	Contribution and Exchange Agreement by and between Mack-Cali Realty, L.P. and Tenth Springhill Lake Associates L.L.L.P., Eleventh Springhill Lake Associates L.L.L.P., Twelfth Springhill Lake Associates L.L.L.P., Fourteenth Springhill Lake Associates L.L.L.P., each a Maryland limited liability limited partnership, Greenbelt Associates, a Maryland general partnership, and Sixteenth Springhill Lake Associates L.L.L.P., a Maryland limited liability limited partnership, and certain other natural persons, dated as of November 21, 2005 (filed as Exhibit 10.69 to the Company's Form 10-K dated December 31, 2005 and incorporated herein by reference).
10.99	Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of March 7, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).
10.100	Amendment No. 1 to Membership Interest Purchase and Contribution Agreement dated as of March 31, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 28, 2006 and incorporated herein by reference).
10.101	Amendment No. 2 to Membership Interest Purchase and Contribution Agreement dated as of May 9, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.102	Amendment No. 8 to Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of May 23, 2007 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 23, 2007).
10.103	Contribution and Sale Agreement by and among Gale SLG NJ LLC, a Delaware limited liability company, Gale SLG NJ MEZZ LLC, a Delaware limited liability company, and Gale SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company and Mack-Cali Ventures L.L.C. dated as of March 7, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).
10.104	First Amendment to Contribution and Sale Agreement by and among GALE SLG NJ LLC, a Delaware limited liability company, GALE SLG NJ MEZZ LLC, a Delaware limited liability company, and GALE SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company, and Mack-Cali Ventures L.L.C., a Delaware limited liability company, dated as of May 9, 2006 (filed as Exhibit 10.4 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.105	Non-Portfolio Property Interest Contribution Agreement by and among Mr. Stanley C. Gale, Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC, Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of May 9, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.106	Loan Agreement by and among the entities set forth on Exhibit A, collectively, as Borrowers, and Gramercy Warehouse Funding I LLC, as Lender, dated May 9, 2006 (filed as Exhibit 10.5 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.107	Promissory Note of One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, as Borrowers, in favor of Gramercy Warehouse Funding I, LLC, as Lender, in the principal amount of \$90,286,551 dated May 9, 2006 (filed as Exhibit 10.6 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.108	Mortgage, Security Agreement and Fixture Filing by and between 4 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.7 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.109	Promissory Note of 4 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$43,000,000 dated May 9, 2006 (filed as Exhibit 10.8 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.110	Mortgage, Security Agreement and Fixture Filing by and between 210 Clay SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.9 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.111	Promissory Note of 210 Clay SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$16,000,000 dated May 9, 2006 (filed as Exhibit 10.10 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.112	Mortgage, Security Agreement and Fixture Filing by and between 5 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.11 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.113	Promissory Note of 5 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$15,500,000 dated May 9, 2006 (filed as Exhibit 10.12 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.114	Mortgage, Security Agreement and Fixture Filing by and between 51 CHUBB SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.13 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.115	Promissory Note of 51 CHUBB SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of \$4,500,000 dated May 9, 2006 (filed as Exhibit 10.14 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

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

Exhibit Number	Exhibit Title
10.126	Agreement of Purchase and Sale among SLG Broad Street A LLC and SLG Broad Street C LLC, as Sellers, and M-C Broad 125 A L.L.C. and M-C Broad 125 C L.L.C., as Purchasers, dated as of March 15, 2007 (filed as Exhibit 10.121 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.127	Agreement of Purchase and Sale among 500 West Putnam L.L.C., as Seller, and SLG 500 West Putnam LLC, as Purchaser, dated as of March 15, 2007 (filed as Exhibit 10.122 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.128*	Letter Agreement by and between Mack-Cali Realty, L.P., Mack-Cali Realty Acquisition Corp., Mack-Cali Belmar Realty, LLC, M-C Belmar, LLC, Mr. Stanley C. Gale, SCG Holding Corp., Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC and Gale/Yeager Investments LLC dated October 31, 2007.
31.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, and the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*filed herewith