SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR QUARTER ENDED MARCH 31, 2004

COMMISSION FILE NO. 1-12504

THE MACERICH COMPANY

(Exact Name of registrant as specified in its charter)

MARYLAND	**95-4448705**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401
(Address of principal executive office, including zip code)

Registrant's telephone number, including area code **(310) 394-6000**

N/A
(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 twelve (12) months (or such shorter period that the Registrant was required to file such report) and (2) has been subject to such filing requirements for the past ninety (90) days.

YES ☒ NO o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

YES ☒ NO o

Number of shares outstanding of the registrant's common stock, as of April 30, 2004
Common Stock, par value $.01 per share: **58,603,878 shares**

Form 10-Q

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THE MACERICH COMPANY (The Company)

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	March 31, 2004	December 31, 2003
ASSETS		
Property, net	$ 3,226,656	$ 3,186,725
Cash and cash equivalents	80,937	47,160
Tenant receivables, net	64,650	67,765
Deferred charges and other assets, net	223,319	231,392
Loans to unconsolidated joint ventures	25,709	29,237
Due from affiliates	3,835	5,406
Investments in unconsolidated joint ventures	581,958	577,908
Total assets	$ 4,207,064	$ 4,145,593
LIABILITIES, PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$ 107,777	$ 129,084
Others	1,875,585	1,787,714
Total	1,983,362	1,916,798
Bank notes payable	764,800	765,801
Accounts payable and accrued expenses	47,469	54,681
Other accrued liabilities	133,125	116,067
Preferred stock dividend payable	2,212	2,212
Total liabilities	2,930,968	2,855,559
Minority interest	229,377	237,615
Commitments and contingencies (Note 9)		
Series A cumulative convertible redeemable preferred stock, $.01 par value, 3,627,131 shares authorized, issued and outstanding at March 31, 2004 and December 31, 2003	98,934	98,934
Common stockholders' equity:		
Common stock, $.01 par value, 145,000,000 shares authorized, 58,571,062 and 57,902,524 shares issued and outstanding at March 31, 2004 and December 31, 2003, respectively	584	578
Additional paid-in capital	1,028,132	1,008,488
Accumulated deficit	(56,464)	(38,541)
Accumulated other comprehensive loss	(3,525)	(2,335)
Unamortized restricted stock	(20,942)	(14,705)
Total common stockholders' equity	947,785	953,485
Total liabilities, preferred stock and common stockholders' equity	$ 4,207,064	$ 4,145,593

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

THE MACERICH COMPANY (The Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2004	2003

REVENUES:		
Minimum rents	$ 75,947	$ 71,200
Percentage rents	2,427	1,710
Tenant recoveries	41,322	36,900
Other	3,972	4,085
Total revenues	123,668	113,895
EXPENSES:		
Shopping center and operating expenses	42,836	38,976
REIT general and administrative expenses	3,024	2,336
	45,860	41,312
Interest expense:		
Related parties	1,017	1,415
Others	32,316	32,593
Total interest expense	33,333	34,008
Depreciation and amortization	34,301	23,761
Equity in income of unconsolidated joint ventures and the management company	14,850	14,466
Loss on early extinguishment of debt	(405)	—
Gain on sale or write down of assets	—	128
Income from continuing operations	24,619	29,408
Discontinued operations:		
Gain (loss) on sale of assets	27	(166)
Income from discontinued operations	82	523
Total from discontinued operations	109	357
Income before minority interest	24,728	29,765
Less: Minority interest	4,400	5,145
Net income	20,328	24,620
Less: Preferred dividends	2,212	5,195
Net income available to common stockholders	$ 18,116	$ 19,425
Earnings per common share - basic:		
Income from continuing operations	$ 0.31	$ 0.38
Discontinued operations	0.00	0.00
Net income per share available to common stockholders	$ 0.31	$ 0.38
Weighted average number of common shares outstanding - basic	58,390,000	51,773,000
Earnings per common share - diluted:		
Income from continuing operations	$ 0.31	$ 0.36
Discontinued operations	0.00	0.01
Net income per share available to common stockholders	$ 0.31	$ 0.37
Weighted average number of common shares outstanding - diluted	72,987,000	65,923,000

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

THE MACERICH COMPANY (The Company)

CONSOLIDATED STATEMENT OF COMMON STOCKHOLDERS' EQUITY
(Dollars in thousands, except share data)

	Common Stock (# of shares)	Common Stock Par Value	Additional Paid In Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Loss	Unamortized Restricted Stock	Total Common Stockholders' Equity
Balance, December 31, 2003	57,902,524	$ 578	$ 1,008,488	$ (38,541)	$ (2,335)	$ (14,705)	$ 953,485
Comprehensive income:							
Net income				20,328			20,328
Reclassification of deferred losses					330		330
Interest rate swap agreement					(1,520)		(1,520)
Total comprehensive income				20,328	(1,190)		19,138
Issuance of restricted stock	150,728	2	8,124				8,126
Unvested restricted stock	(150,728)	(2)				(8,124)	(8,126)
Restricted stock vested in 2004	305,868	3				1,887	1,890
Exercise of stock options	362,670	3	6,844				6,847
Distributions paid ($0.61 per share)				(36,039)			(36,039)

Preferred dividends				(2,212)			(2,212)
Adjustment to reflect minority interest on a pro rata basis according to period end ownership percentage of Operating Partnership			4,676				4,676
Balance, March 31, 2004	58,571,062	$ 584	$ 1,028,132	$ (56,464)	$ (3,525)	$ (20,942)	$ 947,785

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

THE MACERICH COMPANY (The Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Three months ended March 31, 2004	2003
Cash flows from operating activities:		
Net income-available to common stockholders	$ 18,116	$ 19,425
Preferred dividends	2,212	5,195
Net income	20,328	24,620
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on early extinguishment of debt	405	—
Gain on sale or write down of assets	—	(128)
Discontinued operations gain on sale of assets	(27)	166
Depreciation and amortization	34,301	23,914
Amortization of net premium on trust deed note payable	(381)	(558)
Minority interest	4,400	5,145
Changes in assets and liabilities, net of acquisitions / dispositions:		
Tenant receivables, net	3,158	(1,911)
Other assets	2,243	10,634
Accounts payable and accrued expenses	(7,212)	2,199
Due from affiliates	1,571	11,280
Other liabilities	17,058	4,326
Total adjustments	55,516	55,067
Net cash provided by operating activities	75,844	79,687
Cash flows from investing activities:		
Acquisitions of property and property improvements	(3,008)	(1,097)
Development, redevelopment and expansion of centers	(51,617)	(31,339)
Renovations of centers	(8,270)	(1,140)
Tenant allowances	(1,346)	(686)
Deferred leasing charges	(4,364)	(2,559)
Equity in income of unconsolidated joint ventures and the management company	(14,850)	(14,466)
Distributions from joint ventures	17,399	14,855
Contributions to joint ventures	(66)	(1,736)
Acquisitions of joint ventures	(6,533)	(68,320)
Loans to (payments received from) unconsolidated joint ventures	3,528	(7,771)
Proceeds from sale of assets	—	18,260
Net cash used in investing activities	(69,127)	(95,999)
Cash flows from financing activities:		
Proceeds from mortgages and notes payable	201,902	171,883
Payments on mortgages and notes payable	(135,958)	(60,953)
Deferred financing costs	(218)	(232)
Exercise of common stock options	6,847	2,874
Dividends and distributions	(43,301)	(39,870)
Dividends to preferred stockholders	(2,212)	(5,195)
Net cash provided by financing activities	27,060	68,507
Net increase in cash	33,777	52,195
Cash and cash equivalents, beginning of period	47,160	53,559
Cash and cash equivalents, end of period	$ 80,937	$ 105,754
Supplemental cash flow information:		
Cash payment for interest, net of amounts capitalized	$ 28,992	$ 34,600
Non-cash transactions:		
Acquisition of property by assumption of debt	—	$ 180,000
Reclassification from investments in joint ventures to property	—	$ 65,115

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

THE MACERICH COMPANY (The Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)
(Unaudited)

1. Interim Financial Statements and Basis of Presentation:

The accompanying consolidated financial statements of The Macerich Company (the "Company") have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements and have not been audited by independent public accountants.

The accompanying consolidated financial statements include the accounts of the Company and The Macerich Partnership, L.P., a Delaware limited partnership (the "Operating Partnership"). The interests in the Operating Partnership are known as OP units. OP units not held by the Company are redeemable, subject to certain restrictions, on a one-for-one basis for the Company's common stock or cash at the Company's option. Investments in entities in which the Operating Partnership owns in excess of 50% and has a controlling interest of the respective entity are consolidated; all other investments have been accounted for under the equity method and are reflected as "Investments in Unconsolidated Joint Ventures and the Management Company". Effective July 1, 2003, the Company began consolidating the accounts of Macerich Management Company, in accordance with FIN 46 (See "Accounting Pronouncements"). Prior to July 1, 2003, the Company accounted for Macerich Management Company, under the equity method of accounting. The use of the term "management company" refers to Macerich Management Company prior to July 1, 2003

The unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. In the opinion of management, all adjustments, (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods have been made. The results for interim periods are not necessarily indicative of the results to be expected for a full year. The accompanying consolidated balance sheet as of December 31, 2003 has been derived from the audited financial statements, but does not include all disclosures required by GAAP.

Certain reclassifications have been made in the 2003 consolidated financial statements to conform to the 2004 financial statement presentation.

All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Accounting Pronouncements:

In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, and amendment of FASB Statement No. 123"("SFAS No. 148"). SFAS No. 148 amended SFAS No 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for employee stock-based compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No 123 to require prominent disclosure in annual and interim financial statements about the method of accounting for stock-based compensation and its effect on reported results. Prior to the issuance of SFAS No. 148, the Company adopted the provisions of SFAS No. 123 and has expensed all stock options issued subsequent to January 1, 2002. The Company did not issue any stock options to employees for the three months ending March 31, 2004 and 2003 and accordingly, no compensation expense has been recorded in either period.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities – an interpretation of ARB No. 51." FIN 46 addresses consolidation by business enterprises of variable interest entities, which have one or both of the following characteristics: 1) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, which is provided through other interests that will absorb some or all of the expected losses of the entity, and 2) the equity investors lack an essential characteristic of a controlling financial interest. FIN 46 was effective immediately for all variable interest entities acquired after January 31, 2003 and for the first fiscal year or interim period beginning after June 15, 2003 for variable interest entities in which an enterprise holds a variable interest that was acquired before February 1, 2003. In December 2003, the FASB deferred the effective date of FIN 46 for variable interests acquired before February 1, 2003 to the first reporting period ending after March 15, 2004. The Company has adopted the provisions of FIN 46 for all non-special purpose entities created after February 1, 2003, and the Company has determined that FIN 46 does not apply to its investments in such entities or that such entities are not variable interest entities. In considering investments in joint ventures made prior to February 1, 2003, the Company has concluded that the joint ventures are either not subject to the provisions of FIN 46 or, if subject to FIN 46, are not variable interest entities. As a result, the adoption of FIN 46 did not have a material effect on the Company's consolidated financial statements. Effective July 1, 2003, the Company has consolidated Macerich Management Company ("MMC"), in accordance with FIN 46. The results to the consolidated financial statements did not have a material impact. Prior to July 1, 2003, MMC was accounted for under the equity method in the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS 150 specifies that instruments within its scope embody obligations of the issuer and that, therefore, the issuer must classify them as liabilities. Financial instruments within the scope of the pronouncement include mandatorily redeemable financial instruments, obligations to repurchase the issuer's equity shares by transferring assets, and certain obligations to issue a variable number of shares. SFAS 150 was effective immediately for all financial instruments entered into or modified after May 31, 2003. For all other instruments, SFAS 150 originally was effective July 1, 2003 for the Company. In

October 2003, the FASB voted to defer certain provisions of SFAS 150 indefinitely. For those provisions of SFAS 150 adopted by the Company, there was no material impact to its financial position or results of operations. For those provisions of SFAS 150 deferred by the FASB, the Company does not expect there will be a material impact on its financial position or results of operations upon adoption.

Accounting for the Impairment or Disposal of Long-Lived Assets:

The Company adopted SFAS 144 on January 1, 2002. The Company sold Paradise Village Gateway, which was acquired on July 26, 2002, on January 2, 2003 and recorded a loss on sale of $0.2 million for the three months ending March 31, 2003. Additionally, the Company sold Bristol Center on August 4, 2003, and the results for the three months ended March 31, 2004 and 2003 have been reclassified to discontinued operations. The sale of Bristol Center resulted in a gain on sale of asset of $22.2 million in August 2003. Total revenues associated with Bristol Center were $1,062 and $82 for the three months ended March 31, 2004 and 2003, respectively.

Fair Value of Financial Instruments

To meet the reporting requirement of SFAS No. 107, “Disclosures about Fair Value of Financial Instruments,” the Company calculates the fair value of financial instruments and includes this additional information in the notes to consolidated financial statements when the fair value is different than the carrying value of those financial instruments. When the fair value reasonably approximates the carrying value, no additional disclosure is made. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Interest rate cap agreements were purchased by the Company from third parties to hedge the risk of interest rate increases on some of the Company’s variable rate debt. Payments received as a result of the cap agreements are recorded as a reduction of interest expense. The fair value of the cap agreements are included in deferred charges. The fair value of these caps would vary with fluctuations in interest rates. The Company would be exposed to credit loss in the event of nonperformance by these counter parties to the financial instruments; however, management does not anticipate nonperformance by the counter parties.

The Company periodically enters into interest rate swap agreements to hedge the risk of interest rate increases on some of the Company’s variable rate debt. On an ongoing quarterly basis, the Company adjusts its balance sheet to reflect the current fair value of its swap agreement. Changes in the fair value of swap agreements are recorded each period in income or comprehensive income depending on whether the swap agreement is designated and effective as part of a hedged transaction, and on the type of hedge transaction. To the extent that the change in value of a swap agreement does not perfectly offset the change in value of the instrument being hedged, the ineffective portion of the hedge is immediately recognized in income. Over time, the unrealized gains and losses held in accumulated other comprehensive income will be reclassified to income. This reclassification occurs when the hedged items are also recognized in income.

Earnings Per Share (“EPS”)

The computation of basic earnings per share is based on net income and the weighted average number of common shares outstanding for the three months ending March 31, 2004 and 2003. The computation of diluted earnings per share does not include the effect of outstanding restricted stock issued under the employee and director stock incentive plans as they are antidilutive using the treasury method. The Operating Partnership units (“OP units”) not held by the Company have been included in the diluted EPS calculation since they are redeemable on a one-for-one basis for shares of common stock. The following table reconciles the basic and diluted earnings per share calculation:

	For the three months ended March 31,					
	2004			2003		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share
	(In thousands, except per share data)			(In thousands, except per share data)		
Net income	$ 20,328			$ 24,620		
Less: Preferred stock dividends	2,212			5,195		
Basic EPS:						
Net income available to common stockholders	$ 18,116	58,390	$ 0.31	$ 19,425	51,773	$ 0.38
Diluted EPS:						
Conversion of OP units	4,400	14,178		5,145	13,713	
Employee stock options	—	419		—	437	
Restricted stock		n/a - antidilutive for EPS			n/a - antidilutive for EPS	
Convertible preferred stock		n/a - antidilutive for EPS			n/a - antidilutive for EPS	
Net income available to common stockholders	$ 22,516	72,987	$ 0.31	$ 24,570	65,923	$ 0.37

The minority interest as reflected in the Company's consolidated statements of operations has been allocated for EPS calculations as follows:

	2004	2003
Income from continuing operations	$ 4,373	$ 5,057
Discontinued operations:		
Gain on sale of assets	7	(41)
Income from discontinued operations	20	129
Total	$ 4,400	$ 5,145

2. Organization:

The Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community shopping centers located throughout the United States.

The Company is the sole general partner of, and owns or has a majority of the ownership interests in the Operating Partnership. As of March 31, 2004, The Operating Partnership owns or has an ownership interest in 59 regional shopping centers, 18 community shopping centers and two development projects aggregating approximately 60 million square feet of gross leasable area ("GLA"). These 79 regional and community shopping centers and development projects are referred to hereinafter as the "Centers", unless the context otherwise requires. The Company is a self-administered and self-managed real estate investment trust ("REIT") and conducts all of its operations through the Operating Partnership and the Company's management companies, Macerich Property Management Company, LLC ("MPMC, LLC"), a single-member Delaware limited liability company,

MMC, a California corporation, Westcor Partners, LLC, a single member Arizona limited liability company, Macerich Westcor Management, LLC, a single member Delaware limited liability company and Westcor Partners of Colorado, LLC, a Colorado limited liability company. The three Westcor management companies are collectively referred to as the "Westcor Management Companies".

The Company was organized to qualify as a REIT under the Internal Revenue Code of 1986, as amended. As of March 31, 2004, the 19% limited partnership interest of the Operating Partnership not owned by the Company is reflected in these financial statements as minority interest.

3. Investments in Unconsolidated Joint Ventures and the Macerich Management Company:

The following are the Company's investments in various joint ventures. The Operating Partnership's interest in each joint venture as of March 31, 2004 is as follows:

Joint Venture	The Operating Partnership's Ownership %
Biltmore Shopping Center Partners, LLC	50%
Corte Madera Village, LLC	50.1%
Macerich Northwestern Associates	50%
Pacific Premier Retail Trust	51%
SDG Macerich Properties, L.P.	50%
WM Inland, LLC	50%
West Acres Development	19%
Westcor Portfolio:	
Regional Malls:	
Arrowhead Towne Center	33.3%
Desert Sky Mall	50%
Scottsdale Fashion Square	50%
Superstition Springs Center	33.3%
Other Properties / Affiliated Companies:	
Arrowhead Festival	5%
Camelback Colonnade	75%
Chandler Festival	50%
Chandler Gateway	50%
Chandler Village Center	50%
East Mesa Land	50%
Hilton Village	50%
Jaren Associates 4	12.5%
Lee West	50%
Lee West II	50%
Promenade	50%
Propcor Associates	25%
Propcor II – Boulevard Shops	50%
RLR / WV1	50%
Scottsdale / 101 Associates	46%
Westcor / Gilbert	50%

Westcor / Goodyear	50%
Westcor/Paradise Ridge, LLC	50%

The Operating Partnership also owns all of the non-voting preferred stock of MMC, which is generally entitled to dividends equal to 95% of the net cash flow of the Company.

The Company accounts for the joint ventures using the equity method of accounting. In accordance with FIN 46, effective July 1, 2003, the Company began consolidating the accounts for MMC. Prior to July 1, 2003, the Company accounted for MMC under the equity method of accounting.

Although the Company has a greater than 50% interest in Pacific Premier Retail Trust, Camelback Colonnade and Corte Madera Village, LLC, the Company shares management control with these joint venture partners and accounts for these joint ventures using the equity method of accounting.

On January 31, 2003, the Company purchased its joint venture partner's 50% interest in FlatIron Crossing. Accordingly, the Company now owns 100% of FlatIron Crossing. The purchase price consisted of approximately $68,320 in cash plus the assumption of the joint venture partners share of debt of $90,000. The results of FlatIron Crossing prior to January 31, 2003 were accounted for using the equity method of accounting.

On May 15, 2003, the Company sold 49.9% of its partnership interest in the Village at Corte Madera for $65,868, which included the assumption of a proportionate amount of the partnership debt in the amount of $34,709. The Company is retaining a 50.1% partnership interest and will continue leasing and managing the asset. Effective May 16, 2003, the Company began accounting for this property under the equity method of accounting.

On June 6, 2003, the Shops at Gainey Village, a 138,000 square foot Phoenix area specialty center, was sold for $55,724. The Company, which owned 50% of this property, received total proceeds of $15,816 and recorded a gain on sale of $2,788.

On December 18, 2003, the Company acquired Biltmore Fashion Park, a 610,477 square foot regional mall in Phoenix, Arizona. The total purchase price was $158,543, which included the assumption of $77,381 of debt. The Company also issued 705,636 partnership units of the Operating Partnership at a price of $42.80 per unit. The balance of the Company's 50% share of the purchase price of $10,500 was funded by cash and borrowings under the Company's line of credit. Biltmore Fashion Park is owned in a 50/50 partnership with an institutional partner. The results of Biltmore Fashion Park are included for the period subsequent to its date of acquisition.

On January 30, 2004, the Company, in a 50/50 joint venture with a private investment company, acquired Inland Center, a 1 million square foot super-regional mall in San Bernardino, California. The total purchase price was $63,300 and concurrently with the acquisition, the joint venture placed a $54,000 fixed rate loan on the property. The balance of the Company's pro rata share of the purchase price was funded by cash and borrowings under the Company's line of credit. The results of Inland Center are included for the period subsequent to its date of acquisition.

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures and the Macerich Management Company.

COMBINED AND CONDENSED BALANCE SHEETS OF UNCONSOLIDATED JOINT VENTURES

	March 31, 2004	December 31, 2003
Assets:		
Properties, net	$ 2,989,034	$ 2,961,855
Other assets	184,609	148,246
Total assets	$ 3,173,643	$ 3,110,101
Liabilities and partners' capital:		
Mortgage notes payable(1)	$ 2,196,533	$ 2,141,853
Other liabilities	99,576	102,516
Company's capital (2)	418,240	412,988
Outside partners' capital	459,294	452,744
Total liabilitites and partners' capital	$ 3,173,643	$ 3,110,101

(1) Certain joint ventures have debt that could become recourse debt to the Company, in excess of its pro rata share, should the joint venture be unable to discharge the obligations of the related debt. As of March 31, 2004 and December 31, 2003, a total of $46,181 and $37,410 could become recourse debt to the Company, respectively.

(2) The Company's investment in joint ventures is $163,718 and $164,920 more than the underlying equity as reflected in the joint ventures' financial statements as of March 31, 2004 and December 31, 2003, respectively. This represents the difference between the cost of an investment and the book value of the underlying equity of the joint venture. The Company is amortizing this difference into income on a straight-line basis, consistent with the depreciable lives on property (See "Management's Discussion and Analysis – Statement on Critical Accounting Policies").

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES

	Three Months Ended March 31, 2004				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Westcor Joint Ventures	Other Joint Ventures	Total
Revenues:					
Minimum rents	$ 22,554	$ 26,886	$ 21,824	$ 10,930	$ 82,194
Percentage rents	1,393	1,195	121	383	3,092
Tenant recoveries	11,671	10,284	9,935	4,945	36,835
Other	754	632	3,548	307	5,241
Total revenues	36,372	38,997	35,428	16,565	127,362
Expenses:					
Shopping center and operating expenses	14,437	10,960	11,511	5,857	42,765
Interest expense	6,922	11,742	7,347	4,674	30,685
Depreciation and amortization	7,018	6,384	8,374	3,625	25,401
Total operating expenses	28,377	29,086	27,232	14,156	98,851
Gain on sale or write-down of assets	—	—	5,116	—	5,116
Net income	$ 7,995	$ 9,911	$ 13,312	$ 2,409	$ 33,627
Company's equity in income of unconsolidated joint ventures	$ 3,997	$ 5,040	$ 4,899	$ 914	$ 14,850

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES AND THE MACERICH MANAGEMENT COMPANY

	Three Months Ended March 31, 2003					
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Westcor Joint Ventures	Other Joint Ventures	Macerich Management Company	Total
Revenues:						
Minimum rents	$ 22,553	$ 26,450	$ 27,688	$ 4,875	—	$ 81,566
Percentage rents	1,365	1,054	242	196	—	2,857
Tenant recoveries	11,127	9,631	10,713	1,873	—	33,344
Management fee	—	—	—	—	$ 2,720	2,720
Other	691	467	288	189	377	2,012
Total revenues	35,736	37,602	38,931	7,133	3,097	122,499
Expenses:						
Management Company expense	—	—	—	—	2,094	2,094
Shopping center and operating expenses	14,180	10,750	12,426	2,037	—	39,393
Interest expense	7,355	11,886	7,923	1,972	—	29,136
Depreciation and amortization	6,641	6,057	9,166	845	642	23,351
Total operating expenses	28,176	28,693	29,515	4,854	2,736	93,974
Gain on sale or write-down of assets	101	—	793	—	—	894
Net income	$ 7,661	$ 8,909	$ 10,209	$ 2,279	$ 361	$ 29,419
Company's equity in income of unconsolidated joint ventures and the management company	$ 3,831	$ 4,532	$ 4,990	$ 769	$ 344	$ 14,466

Significant accounting policies used by the unconsolidated joint ventures and the Macerich Management Company are similar to those used by the Company.

Included in mortgage notes payable are amounts due to affiliates of Northwestern Mutual Life ("NML") of $147,175 and $148,419 as of March 31, 2004 and December 31, 2003, respectively. NML is considered a related party because it is a joint venture partner with the Company in Macerich Northwestern Associates. Interest expense incurred on these borrowings amounted to $2,471 and $2,530 for the three months ended March 31, 2004 and 2003, respectively.

4. Property:

Property is summarized as follows:

	March 31, 2004	December 31, 2003
Land	$ 576,370	$ 561,352

Building improvements	2,808,748	2,687,274
Tenant improvements	107,573	101,089
Equipment and furnishings	58,178	43,833
Construction in progress	175,731	268,811
	3,726,600	3,662,359
Less, accumulated depreciation	(499,944)	(475,634)
	$ 3,226,656	$ 3,186,725

On January 2, 2003, the Company sold its 67% interest in Paradise Village Gateway for approximately $29,400 and recorded a loss on sale of $0.2 million. On May 15, 2003, the Company sold 49.9% of its partnership interest in the Village at Corte Madera for $65,868 which included the assumption of a proportionate share of debt in the amount of $34,709. This sale resulted in the Company recording a gain on sale of $8,537. On August 4, 2003, the Company sold Bristol Center for approximately $30,000 and recorded a gain on sale of $22,206. On September 15, 2003, the Company acquired Northridge Mall in Salinas, California. The total purchase price was $128,500 and was funded by the sale proceeds from Bristol Center and borrowings under the Company's line of credit. Total revenues for the period ending March 31, 2003 were $2,919. Additionally, the Company has recorded a gain of $0.1 million on the sale of peripheral land for the three months ending March 31, 2003.

On January 31, 2003, the Company purchased its joint venture partner's 50% interest in FlatIron Crossing. Accordingly, the Company now owns 100% of FlatIron Crossing. The purchase price consisted of approximately $68,320 in cash plus the assumption of the joint venture partner's share of debt of $90,000.

At January 31, 2003, prior to the acquisition of the remaining 50% interest, the Company's investment in FlatIron Crossing was $64,938.

Total revenues for FlatIron Crossing for the period ending January 31, 2003 were $2,779.

5. Deferred Charges And Other Assets:

Deferred charges and other assets are summarized as follows:

	March 31, 2004	December, 31 2003
Leasing	$ 74,880	$ 70,685
Financing	22,958	23,167
Intangibles resulting from SFAS 141 allocations		
In-place lease values	105,641	106,139
Present value of leasing commissions and legal costs	12,099	12,203
	215,578	212,194
Less, accumulated amortization	(62,452)	(53,281)
	153,126	158,913
Other assets	70,193	72,479
	$ 223,319	$ 231,392

6. Mortgage Notes Payable:

Mortgage notes payable at March 31, 2004 and December 31, 2003 consist of the following:

	Carrying Amount of Notes (1)						
	2004		2003				
Property Pledged as Collateral	Other	Related Party	Other	Related Party	Interest Rate	Payment Terms	Maturity Date
Consolidated Centers:							
Arizona Lifestyle Galleries (50%) (b)	—	—	$ 446	—	3.81%	$ 10(a)	(c)
Borgata	$ 16,315	—	16,439	—	5.39%	115(a)	2007
Capitola Mall	—	$ 45,066	—	$ 45,402	7.13%	380(a)	2011
Carmel Plaza	27,674	—	27,762	—	8.18%	202(a)	2009
Chandler Fashion Center	180,426	—	181,077	—	5.48%	1,043(a)	2012
Chesterfield Towne Center	60,536	—	60,804	—	9.07%	548(d)	2024
Citadel	67,209	—	67,626	—	7.20%	554(a)	2008
Crossroads Mall - Boulder	—	—	—	33,016	7.08%	244(a)	(e)
Flagstaff Mall	14,183	—	14,319	—	5.39%	121(a)	2006
FlatIron Crossing	199,288	—	199,770	—	5.23%	1,102(a)	2013
Fresno Fashion Fair	67,024	—	67,228	—	6.52%	437(a)	2008
Greeley Mall (f)	29,754	—	29,878	—	6.18%	197(a)	2013
La Encantada (g)	37,315	—	28,460	—	3.17%	interest only	2005
Northwest Arkansas Mall	56,995	—	57,336	—	7.33%	434(a)	2009
Pacific View	93,542	—	93,723	—	7.16%	648(a)	2011
Panorama Mall	32,250	—	32,250	—	3.15%	87(a)	2005
Paradise Valley Mall	80,153	—	80,515	—	5.39%	506)	2007
Paradise Valley Mall	24,472	—	24,628	—	5.89%	183(a)	2009
Prescott Gateway (h)	40,835	—	40,753	—	3.52%	interest only	2004
PVOP II (50%) (b)	1,524	—	1,536	—	5.85%	11(a)	2009
Paradise Village Ground Leases (50%) (b)	3,831	—	3,864	—	5.39%	28(a)	2006

Queens Center	95,712	—	96,020	—	6.88%	633(a)	2009
Queens Center (i)	62,712	62,711	50,667	50,666	3.60%	interest only	2013
Rimrock Mall	44,949	—	45,071	—	7.45%	320(a)	2011
Salisbury, Center at (j)	79,875	—	—	—	2.75%	interest only	2006
Santa Monica Place	82,571	—	82,779	—	7.70%	606(a)	2010
South Plains Mall	61,933	—	62,120	—	8.22%	454(a)	2009
South Towne Center	64,000	—	64,000	—	6.61%	interest only	2008
The Oaks (k)	108,000	—	108,000	—	2.25%	interest only	2004
Valley View Center	51,000	—	51,000	—	7.89%	interest only	2006
Village Center (50%) (b)	3,758	—	3,801	—	5.39%	31(a)	2006
Village Crossroads (50%) (b)	2,430	—	2,453	—	4.81%	19(a)	2005
Village Fair North (50%) (b)	6,020	—	6,055	—	5.89%	41(a)	2008
Village Plaza	5,526	—	5,586	—	5.39%	47(a)	2006
Village Square I & II	4,835	—	4,892	—	5.39%	41(a)	2006
Vintage Faire Mall	67,686	—	67,873	—	7.89%	508(a)	2010
Westbar	4,162	—	4,216	—	4.22%	35(a)	2005
Westbar	—	—	7,380	—	4.22%	66(a)	(l)
Westside Pavilion	97,090	—	97,387	—	6.67%	628(a)	2008
Total - Consolidated Centers	$ 1,875,585	$ 107,777	$ 1,787,714	$ 129,084			

	Carrying Amount of Notes (1)						
	2004		2003				
Property Pledged as Collateral	**Other**	**Related Party**	**Other**	**Related Party**	**Interest Rate**	**Payment Terms**	**Maturity Date**
Joint Venture Centers (at pro rata share):							
Arrowhead Towne Center (33.33%)	$ 28,389	—	$ 28,501	—	6.38%	187(a)	2011
Biltmore Fashion Park (50%)(m)	43,938	—	44,305	—	4.68%	203(a)	2009
Boulevard Shops (50%) (n)	5,333	—	5,236	—	3.22%	interest only	2005
Broadway Plaza (50%)	—	$ 33,560	—	$ 33,772	6.68%	257(a)	2008
Camelback Colonnade (75%)	25,171	—	25,507	—	4.81%	211(a)	2006
Chandler Festival (50%)	15,895	—	15,939	—	4.37%	80(a)	2008
Chandler Gateway (50%)	9,934	—	9,968	—	5.19%	55(a)	2008
Chandler Village Center (50%)(o)	2,642	—	—	—	3.00%	interest only	2006
Corte Madera, Village at (50.1%)	34,505	—	34,610	—	7.75%	258(a)	2009
Desert Sky Mall (50%)	13,652	—	13,698	—	5.42%	85(a(a)	2005
East Mesa Land (50%) (p)	2,111	—	2,118	—	2.28%	10(a)	2004
East Mesa Land (50%) (p)	631	—	632	—	5.39%	3(a)	2006
Hilton Village (50%)	4,505	—	4,545	—	5.39%	35(a)	2007
Inland Center(50%)	27,000	—	—	—	4.64%	interest only	2009
Pacific Premier Retail Trust (51%):							
Cascade Mall	11,097	—	11,281	—	6.50%	122(a)	2014
Kitsap Mall/Kitsap Place	30,502	—	30,574	—	8.06%	230(a)	2010
Lakewood Mall (q)	64,770	—	64,770	—	7.20%	interest only	2005
Lakewood Mall (r)	8,746	—	8,746	—	2.99%	interest only	2005
Los Cerritos Center	57,390	—	57,628	—	7.13%	421(a)	2006
North Point Plaza	1,564	—	1,585	—	6.50%	16(a)	2015
Redmond Town Center - Retail	30,029	—	30,212	—	6.50%	224(a)	2011
Redmond Town Center - Office	—	40,828	—	41,246	6.77%	298(a)	2009
Stonewood Mall	39,234	—	39,322	—	7.41%	275(a)	2010
Washington Square	55,573	—	55,901	—	6.70%	421(a)	2009
Washington Square Too	5,512	—	5,580	—	6.50%	53(a)	2016
Promenade (50%)	2,490	—	2,513	—	5.39%	20(a)	2006
Scottsdale Fashion Square - Series I (50%)	82,381	—	82,710	—	5.39%	interest only	2007
Scottsdale Fashion Square - Series II (50%)	36,230	—	36,453	—	5.39%	interest only	2007
Scottsdale/101 Associates (46%)(s)	13,907	—	12,391	—	3.47%	interest only	2006
SDG Macerich Properties L.P. (50%) (t)	182,067	—	182,449	—	6.52%	1,120(a)	2006
SDG Macerich Properties L.P. (50%) (t)	93,250	—	93,250	—	1.50%	interest only	2006
SDG Macerich Properties L.P. (50%) (t)	40,700	—	40,700	—	1.46%	interest only	2006
Superstition Springs (33.33%) (u)	16,189	—	16,235	—	2.28%	interest only	2004
Superstition Springs (33.33%) (u)	4,836	—	4,850	—	5.39%	interest only	2006
West Acres Center (19%)	6,949	—	7,006	—	6.52%	57(a)	2009
West Acres Center (19%)	1,798	—	1,809	—	9.17%	18(a)	2009
Grand Total - Joint Venture Centers	$ 998,920	$ 74,388	$ 971,024	$ 75,018			

(1) The mortgage notes payable balances include the unamortized debt premiums. These debt premiums represent the excess of the fair value of debt over the principal value of debt assumed in various acquisitions subsequent to March, 1994 (with interest rates ranging from 3.81% to 7.68%). The debt premiums are being amortized into interest expense over the term of the related debt, in a manner which approximates the effective interest method.

The debt premiums as of March 31, 2004 and December 31, 2003 consist of the following:

	2004	2003
Consolidated Centers:		
Borgata	$ 1,051	$ 1,124
Flagstaff Mall	522	593
Paradise Valley Mall	2,166	2,363
Paradise Valley Mall	1,491	1,564
Paradise Village Ground Leases(50%)(b)	123	138
PVOP II (50%)(b)	94	99
Village Plaza	399	438
Village Square I and II	171	194
Village Center(50%)(b)	140	157
Village Crossroads(50%)(b)	94	110
Village Fair North(50%)(b)	207	219
Westbar	—	33
Westbar	113	151
Total Consolidated Centers	$ 6,571	$ 7,183

	2004	2003
Joint Venture Centers (at pro rata share):		
Arrowhead Towne Center(33.33%)	$ 829	$ 857
Biltmore Fashion Park (50%)(m)	5,361	5,614
Camelback Colonnade (75%)	1,105	1,263
Hilton Village(50%)	326	356
Promenade(50%)	172	190
Scottsdale Fashion Square - Series I (50%)	4,381	4,710
Scottsdale Fashion Square - Series II (50%)	2,977	3,200
SDG Macerich Properties L.P. (50%)(t)	7,033	7,799
Total Joint Venture Centers	$ 22,184	$ 23,989

(a) This represents the monthly payment of principal and interest.

(b) As of March 31, 2004 and December 31, 2003, these properties are being held by the owners as tenants in common and the Company has a direct undivided 50% interest in these properties.

(c) This loan was paid off in full on March 24, 2004.

(d) This amount represents the monthly payment of principal and interest. In addition, contingent interest, as defined in the loan agreement, may be due to the extent that 35% of the amount by which the property's gross receipts (as defined in the loan agreement) exceeds a base amount specified therein. Contingent interest expense recognized by the Company was $133 and $140 for the three months ended March 31, 2004 and 2003, respectively.

(e) This note was issued at a discount. The discount was being amortized over the life of the loan using the effective interest method. At December 31, 2003, the unamortized discount was $231. This loan was paid off in full on February 3, 2004. The Company recognized a $405 loss on early extinguishment of debt.

(f) On August 7, 2003, the Company paid off the old loan and placed a new $30,000 ten-year fixed rate loan at an interest rate of 6.18%. The Company recognized a $126 loss on early extinguishment of the old debt.

(g) This represents a construction loan which shall not exceed $51,000 bearing interest at LIBOR plus 2.0%. At March 31, 2004 and December 31, 2003, the total interest rate was 3.17% and 3.18%, respectively.

(h) This represents a construction loan which shall not exceed $46,300 bearing interest at LIBOR plus 2.25%. At March 31, 2004 and December 31, 2003, the total interest rate was 3.52%. Effective February 18, 2004, the loan commitment was reduced to $44,320.

(i) This represents a $225,000 construction loan bearing interest at LIBOR plus 2.50%. The loan converts to a permanent fixed rate loan at 7%, subject to certain conditions including completion and stabilization of the expansion and redevelopment project. As of March 31, 2004 and December 31, 2003, the total interest rate was 3.60% and 3.62%, respectively. NML is the lender for 50% of the construction loan. The funds advanced by NML is considered related party debt as they are a joint venture partner with the Company in Macerich Northwestern Associates.

(j) This floating rate loan was issued on February 18, 2004. The loan bears interest at LIBOR plus 2.75% and matures February 20, 2006 with a one-year extension option. At March 31, 2004, the total interest rate was 2.75%.

(k) Concurrent with the acquisition of the mall, the Company placed a $108,000 loan bearing interest at LIBOR plus 1.15% and maturing July 1, 2004 with three consecutive one year options. $92,000 of the loan is at LIBOR plus 0.7% and $16,000 is at LIBOR plus 3.75%. This variable rate debt is covered by an interest rate cap agreement over two years which effectively prevents the LIBOR interest rate from exceeding 7.10%. At March 31, 2004 and December 31, 2003, the total weighted average interest rate was 2.25% and 2.32%, respectively.

(l) This entire loan was paid off in full on February 10, 2004.

(m) In connection with the acquisition of this property, the joint venture assumed $77,381 of debt at a fixed interest rate of 7.68%. The debt premium of the $11,314 recorded by the joint venture, represents the excess of the fair value over the principal value of debt.

(n) This represents a construction loan which shall not exceed $13,300 bearing interest at LIBOR plus 2.25%. At March 31, 2004 and December 31, 2003, the total interest rate was 3.22% and 3.14%, respectively. Effective January 2004, the loan commitment was reduced to $11,373.

(o) This represents a construction loan which shall not exceed $17,500 bearing interest at LIBOR plus 1.85%. At March 31,2004, the total interest rate was 3.0%.

(p) This note was assumed at acquisition. The loan consists of 14 tranches, with a range of maturities from 36 months (with two 18-month extension options) to 60 months. The variable rate debt ranges from LIBOR plus 60 basis points to LIBOR plus 250 basis points, and fixed rate debt ranges from 5.01% to 6.18%. An interest rate swap was entered into to convert $1,482 of floating rate debt with a weighted average interest rate of 3.97% to a fixed rate of 5.39%. The interest rate swap has been designated as a hedge in accordance with

SFAS 133. Additionally, interest rate caps were entered into on a portion of the debt and reverse interest rate caps were simultaneously sold to offset the effect of the interest rate cap agreements. These interest rate caps do not qualify for hedge accounting in accordance with SFAS 133.

(q) In connection with the acquisition of this property, the joint venture assumed $127,000 of collateralized fixed rate notes (the "Notes"). The Notes bear interest at an average fixed rate of 7.20% and mature in August 2005. The Notes require the joint venture to deposit all cash flow from the property operations with a trustee to meet its obligations under the Notes. Cash in excess of the required amount, as defined, is released. Included in cash and cash equivalents is $750 of restricted cash deposited with the trustee at March 31, 2004 and December 31, 2003.

(r) On July 28, 2000, the joint venture placed a $16,125 floating rate note on the property bearing interest at LIBOR plus 2.25% and maturing July 2003. On August 24, 2003, the joint venture negotiated a two-year loan extension with the lender and the loan was increased to 17,150. At March 31, 2004 and December 31, 2003, the total interest rate was 2.99% and 2.93%, respectively.

(s) This represents a construction loan which shall not exceed $54,000 bearing an interest rate at LIBOR plus 2.25%. At March 31, 2004 and December 31, 2003, the total interest rate was 3.47% and 3.46%, respectively.

(t) In connection with the acquisition of these Centers, the joint venture assumed $485,000 of mortgage notes payable which are collateralized by the properties. At acquisition, the $300,000 fixed rate portion of this debt reflected a fair value of $322,700, which included an unamortized premium of $22,700. This premium is being amortized as interest expense over the life of the loan using the effective interest method. At March 31, 2004 and December 31, 2003, the unamortized balance of the debt premium was $7,033 and $7,799, respectively. This debt is due in May 2006 and requires monthly payments of $1,852 based on the fixed rate debt in place as March 31, 2004. $184,500 of this debt was refinanced in May 2003 with a new loan of $186,500 that requires monthly interest payments at a variable weighted average rate (based on LIBOR) of 1.50% and 1.57% at March 31, 2004 and December 31, 2003, respectively. This variable rate debt is covered by interest rate cap agreements, which effectively prevents the interest rate from exceeding 10.63%.

On April 12, 2000, the joint venture issued $138,500 of additional mortgage notes, which are collateralized by the properties and are due in May 2006. $57,100 of this debt requires fixed monthly interest payments of $387 at a weighted average rate of 8.13% while the floating rate notes of $81,400 require monthly interest payments at a variable weighted average rate (based on LIBOR) of 1.46% and 1.53% at March 31, 2004 and December 31, 2003, respectively. This variable rate debt is covered by an interest rate cap agreement which effectively prevents the interest rate from exceeding 11.83%.

(u) This note was assumed at acquisition. The loan consists of 14 tranches, with a range of maturities from 36 months (with two 18-month extension options) to 60 months. The variable rate debt ranges from LIBOR plus 60 basis points to LIBOR plus 250 basis points, and fixed rate debt ranges from 5.01% to 6.18%. An interest rate swap was entered into to convert $11,363 of floating rate debt with a weighted average interest rate of 3.97% to a fixed rate of 5.39%. The interest rate swap has been designated as a hedge in accordance with SFAS 133. Additionally, interest rate caps were entered into on a portion of the debt and reverse interest rate caps were simultaneously sold to offset the effect of the interest rate cap agreements. These interest rate caps do not qualify for hedge accounting in accordance with SFAS 133.

Certain mortgage loan agreements contain a prepayment penalty provision for the early extinguishment of the debt.

Total interest expense capitalized (including the pro rata share of joint ventures of $254 and $356) during the three months ended March 31, 2004 and 2003 was $3,319 and $2,879, respectively.

The fair value of mortgage notes payable, (including the pro rata share of joint ventures of $1,148,884 and $1,099,132 at March 31, 2004 and December 31, 2003 respectively), is estimated to be approximately $3,282,268 and $3,119,820, at March 31, 2004 and December 31, 2003, respectively, based on current interest rates for comparable loans.

7. Bank and Other Notes Payable:

The Company has a $425,000 revolving line of credit. This revolving line of credit has a three-year term through July 26, 2005 with a one-year extension option. The interest rate fluctuates from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. As of March 31, 2004 and December 31, 2003, $318,000 and $319,000 of borrowings were outstanding under this credit facility at an average interest rate of 3.67% and 3.69%, respectively.

On July 26, 2002, the Company placed a $250,000 term loan with a maturity of up to three years with two one-year extension options and an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. At March 31, 2004 and December 31, 2003, $196,800 of the term loan was outstanding at an interest rate of 3.92% and 3.95%, respectively.

On May 13, 2003, the Company issued $250,000 in unsecured notes maturing in May 2007 with a one-year extension option bearing interest at LIBOR plus 2.50%. The proceeds were used to pay down and create more availability under the Company's line of credit. At March 31, 2004 and December 31, 2003, $250,000 was outstanding at an interest rate of 4.45%. In October 2003, the Company entered into an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005.

The Company reclassified $330 for the three months ending March 31, 2004 and 2003 related to treasury rate lock transactions settled in prior years from accumulated other comprehensive income to earnings for the three months ended March 31, 2004 and 2003. Additionally, the Company recorded other comprehensive (loss) income of ($1,520) and $190 related to the mark to market of interest rate swap agreements for the three months ended March 31, 2004 and 2003, respectively.

Additionally, as of March 31, 2004, the Company has contingent obligations of $13,776 in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

8. Related-Party Transactions:

The Company engaged MMC and certain of the Westcor Management Companies to manage the operations of certain properties and unconsolidated joint ventures. For the three months ending March 31, 2004 and 2003, management fees of $2,279 and $1,912 respectively, were paid to MMC by the joint ventures. For the three months ending March 31, 2004 and 2003, management fees of $1,211 and $1,285, respectively, for the unconsolidated entities, were paid to the Westcor Management Companies by the joint ventures.

Certain mortgage notes are held by one of the Company's joint venture partners. Interest expense in connection with these notes was $1,132 and $1,415 for the three months ended March 31, 2004 and 2003, respectively. Included in accounts payable and accrued expenses is interest payable to these partners of $141 and $252 at March 31, 2004 and December 31, 2003, respectively.

As of March 31, 2004 and December 31, 2003, the Company has loans to unconsolidated joint ventures of $25,709 and $29,237, respectively. These loans represent initial funds advanced to development stage projects prior to construction loan fundings. Correspondingly, loans payable from unconsolidated joint ventures in this same amount have been accrued as an obligation of various joint ventures.

Certain Company officers and affiliates have guaranteed mortgages of $21,750 at one of the Company's joint venture properties.

9. Commitments and Contingencies:

The Company has certain properties subject to noncancellable operating ground leases. The leases expire at various times through 2098, subject in some cases to options to extend the terms of the lease. Certain leases provide for contingent rent payments based on a percentage of base rental income, as defined. Ground rent expenses, net of amounts capitalized, were $119 and $378 for the three months ended March 31, 2004 and 2003, respectively. No contingent rent was incurred in either period.

The Company is currently redeveloping Queens Center. Total costs are expected to be between $250,000 and $275,000, of which the Company has already incurred $212,947 and $174,915 as of March 31, 2004 and December 31, 2003, respectively.

Perchloroethylene ("PCE") has been detected in soil and groundwater in the vicinity of a dry cleaning establishment at North Valley Plaza, formerly owned by a joint venture of which the Company was a 50% member. The property was sold on December 18, 1997. The California Department of Toxic Substances Control ("DTSC") advised the Company in 1995 that very low levels of Dichloroethylene ("1,2 DCE"), a degradation byproduct of PCE, had been detected in a municipal water well located 1/4 mile west of the dry cleaners, and that the dry cleaning facility may have contributed to the introduction of 1,2 DCE into the water well. According to DTSC, the maximum contaminant level ("MCL") for 1,2 DCE which is permitted in drinking water is 6 parts per billion ("ppb"). The 1,2 DCE was detected in the water well at a concentration of 1.2 ppb, which is below the MCL. The Company has retained an environmental consultant and has initiated extensive testing of the site. The joint venture agreed (between itself and the buyer) that it would be responsible for continuing to pursue the investigation and remediation of impacted soil and groundwater resulting from releases of PCE from the former dry cleaner. Approximately $13 and $40 have already been incurred by the joint venture for remediation, professional and legal fees for the three months ending March 31, 2004 and 2003, respectively. The joint venture has been sharing costs with former owners of the property. An additional $180 remains reserved at March 31, 2004.

The Company acquired Fresno Fashion Fair in December 1996. Asbestos was detected in structural fireproofing throughout much of the Center. Testing data conducted by professional environmental consulting firms indicates that the fireproofing is largely inaccessible to building occupants and is well adhered to the structural members. Additionally, airborne concentrations of asbestos were well within OSHA's permissible exposure limit ("PEL") of .1 fcc. The accounting at acquisition included a reserve of $3,300 to cover future removal of this asbestos, as necessary. The Center was recently renovated and a substantial amount of the asbestos was removed. An additional $740 remains reserved at March 31, 2004.

10. Cumulative Convertible Redeemable Preferred Stock:

On February 25, 1998, the Company issued 3,627,131 shares of Series A cumulative convertible redeemable preferred stock ("Series A Preferred Stock") for proceeds totaling $100,000 in a private placement. The preferred stock can be converted on a one for one basis into common stock and will pay a quarterly dividend equal to the greater of $0.46 per share, or the dividend then payable on a share of common stock.

On June 16, 1998, the Company issued 5,487,471 shares of Series B cumulative convertible redeemable preferred stock ("Series B Preferred Stock") for proceeds totaling $150,000 in a private placement. The preferred stock could have been converted on a one for one basis into common stock and paid a quarterly dividend equal to the greater of $0.46 per share, or the dividend then payable on a share of common stock. On September 9, 2003, all of the shares of Series B Preferred Stock were converted to common stock.

No dividends will be declared or paid on any class of common or other junior stock to the extent that dividends on Series A Preferred Stock have not been declared and/or paid.

The holders of Series A Preferred Stock have redemption rights if a change in control of the Company occurs, as defined under the Articles Supplementary. Under such circumstances, the holders of the Series A Preferred Stock are entitled to require the Company to redeem their shares, to the extent the Company has funds legally available therefor, at a price equal to 105% of its liquidation preference plus accrued and unpaid dividends. The Series A Preferred Stock holder also has the right to require the Company to repurchase its shares if the Company fails to be taxed as a REIT for federal tax purposes at a price equal to 115% of its liquidation preference plus accrued and unpaid dividends, to the extent funds are legally available therefore.

11. Subsequent Events:

On April 29, 2004, a dividend/distribution of $0.61 per share was declared for common stockholders and OP unit holders of record on May 20, 2004. In addition, the Company declared a dividend of $0.61 on the Company's Series A Preferred Stock. All dividends/distributions will be payable on June 10, 2004.

Item 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report on Form 10-Q contains or incorporates statements that constitute forward-looking statements. Those statements appear in a number of places in this Form 10-Q and include statements regarding, among other matters, the Company's growth, acquisition, redevelopment and development opportunities, the Company's acquisition and other strategies, regulatory matters pertaining to compliance with governmental regulations and other factors affecting the Company's financial condition or results of operations. Words such as "expects," "anticipates," "intends," "projects," "predicts," "plans," "believes," "seeks," "estimates," and "should" and variations of these words and similar expressions, are used in many cases to identify these forward-looking statements. Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or industry to vary materially from the Company's future results, performance or achievements, or those of the industry, expressed or implied in such forward-looking statements. Such factors include the matters described herein and the following factors among others: general industry, economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of current and prospective tenants, Anchor or tenant bankruptcies, closures, mergers or consolidations, lease rates and terms, availability and cost of financing, interest rate fluctuations and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technologies, risks of real estate redevelopment, development, acquisitions and dispositions; governmental actions and initiatives (including legislative and regulatory changes); environmental and safety requirements; and terrorist activities that could adversely affect all of the above factors. The Company will not update any forward-looking information to reflect actual results or changes in the factors affecting the forward-looking information.

Statement on Critical Accounting Policies

The Securities and Exchange Commission ("SEC") defines "critical accounting policies" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Some of these estimates and assumptions include judgments on revenue recognition, estimates for common area maintenance and real estate tax accruals, provisions for uncollectable accounts, impairment of long-lived assets, the allocation of purchase price between tangible and intangible assets, and estimates for environmental matters. The Company's significant accounting policies are described in more detail in Note 2 of the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. However, the following policies could be deemed to be critical within the SEC definition.

Revenue Recognition:

Minimum rental revenues are recognized on a straight-line basis over the terms of the related lease. The difference between the amount of rent due in a year and the amount recorded as rental income is referred to as the "straight lining of rent adjustment." Currently, 29% of the mall and freestanding leases contain provisions for Consumer Price Index ("CPI") rent increases periodically throughout the term of the lease. The Company believes that using an annual multiple of CPI increases, rather than fixed contractual rent increases, results in revenue recognition that more closely matches the cash revenue from each lease and will provide more consistent rent growth throughout the term of the leases. Percentage rents are recognized in accordance with Staff Accounting Bulletin 101. Percentage rents are accrued when lessees specified sales targets have been met. Recoveries from tenants for real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred.

Property:

Costs related to the development, redevelopment, construction and improvement of properties are capitalized. Interest incurred or imputed on development, redevelopment and construction projects is capitalized until construction is substantially complete.

Maintenance and repairs expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots, etc. are capitalized and depreciated over their estimated useful lives. Gains and losses are recognized upon disposal or retirement of the related assets and are reflected in earnings, in accordance with SFAS No. 66—"Accounting for Sales of Real Estate."

Property is recorded at cost and is depreciated using a straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5-40 years
Tenant improvements	initial term of related lease
Equipment and furnishings	5-7 years

The Company accounts for all acquisitions entered into subsequent to June 30, 2001 in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations ("SFAS 141"). The Company will first determine the value of the land and buildings utilizing an "as if vacant" methodology. The Company will then assign a fair value to any debt assumed at acquisition. The balance of the purchase price will be allocated to tenant improvements and identifiable intangible assets or liabilities. Tenant improvements represent the tangible assets associated with the existing leases valued on a historical basis prorated over the remaining lease terms. The tenant improvements are classified as an asset under real estate investments and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) origination value, which represents the value associated with "cost avoidance" of acquiring in-place leases, such as lease commissions paid under terms generally experienced in our markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the "assumed vacant" property to the occupancy level when purchased; and (iii) above or below market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Origination value is recorded as an other asset and is amortized over the remaining lease terms. Value of in-place leases is recorded as an other asset and amortized over the remaining lease term plus an estimate of renewal of the acquired leases. Above or below market leases are classified as an other asset or liability, depending on whether the contractual terms are above or below market, and the asset or liability is amortized to rental revenue over the remaining terms of the leases.

When the Company acquires real estate properties, the Company allocates the components of these acquisitions using relative fair values computed using its estimates and assumptions. These estimates and assumptions impact the amount of costs allocated between various components as well as the amount of costs assigned to individual properties in multiple property acquisitions. These allocations also impact depreciation expense and gains or losses recorded on future sales of properties.

Depending on the materiality of the acquisition, the Company may engage a valuation firm to assist with the allocation.

The Company adopted SFAS 144 on January 1, 2002 which addresses financial accounting and reporting for the impairment or disposal of long-lived assets.

The Company assesses whether there has been an impairment in the value of its long-lived assets by considering factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Such factors include the tenants' ability to perform their duties and pay rent under the terms of the leases. The Company may recognize an impairment loss if the cash flows are not sufficient to cover its investment. Such a loss would be determined as the difference between the carrying value and the fair value of a center.

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the agreement using the straight-line method. Cost relating to financing of shopping center properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. In-place lease values are amortized over the remaining lease term plus an estimate of renewal. The present value of leasing commissions and legal costs are amortized on a straight-line basis over the individual remaining lease years. The range of the terms of the agreements are as follows:

Deferred lease costs	1-15 years
Deferred financing costs	1-15 years
In-place lease values	Remaining lease term plus an estimate for renewal (weighted average 17 years)
Present value of leasing commissions and legal costs	5 years

Off-Balance Sheet Arrangements:

Debt guarantees:

The Company has an ownership interest in a number of joint ventures as detailed in Note 3 to the Company's consolidated financial statements included herein. The Company accounts for those investments using the equity method of accounting and those investments are reflected on the consolidated balance sheets of the Company as "Investments in Unconsolidated Joint Ventures." A pro rata share of the mortgage debt on these properties is shown in Note 6 to the Company's consolidated financial statements included herein. In addition, the following joint ventures also have debt that could become recourse debt to the Company or its subsidiaries, in excess of its pro rata share, should the partnership be unable to discharge the obligations of the related debt:

Asset/Property	Maximum amount of debt principal that could be recourse to the Company (Dollars in Thousands)	Maturity Date

Boulevard Shops	$	10,665	1/1/2005
Chandler Village Center		5,283	12/19/2006
Scottsdale 101		30,233	5/1/2006
Total	$	46,181	

The above amounts increased by $8,771 from December 31, 2003.

Additionally, as of March 31, 2004, the Company has certain obligations of $13.8 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

Long-term contractual obligations:

The following is a schedule of long-term contractual obligations (as of March 31, 2004) for the consolidated Centers over the periods in which they are expected to be paid:

	Payment Due by Period				
Contractual Obligations (Dollars in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than five years**
Long-term debt obligations	$ 2,748,162	$ 167,193	$ 1,166,345	$ 724,023	$ 690,601
Operating lease obligations	161,466	1,270	2,540	2,540	155,116
Purchase obligations	41,433	41,433	—	—	—
Other long-term liabilities	182,806	182,806	—	—	—
Total	$ 3,133,867	$ 392,702	$ 1,168,885	$ 726,563	$ 845,717

During the first quarter of 2004, there have been no material changes outside the ordinary course of business in the above specified obligations since the disclosure in the Company’s Annual Report on Form 10-K for the year ended December 31, 2003.

The following table reflects the Company’s acquisitions in 2003 and 2004.

Property/Entity	**Date Acquired**	**Location**
2003 Acquisitions:		
FlatIron Crossing	January 31, 2003	Broomfield, Colorado
Northridge Mall	September 15, 2003	Salinas, California
Biltmore Fashion Park	December 18, 2003	Phoenix, Arizona
2004 Acquisition:		
Inland Center	January 30, 2004	San Bernardino, California

The financial statements reflect the following acquisitions, dispositions and changes in ownership subsequent to the occurrence of each transaction.

On January 2, 2003, the Company sold its 67% interest in Paradise Village Gateway, a 296,153 square foot Phoenix area urban village, for approximately $29.4 million. The proceeds from the sale were used to repay a portion of the term loan. The sale resulted in a loss on sale of asset of $0.2 million.

On January 31, 2003, the Company purchased its joint venture partner’s 50% interest in FlatIron Crossing. The purchase price consisted of approximately $68.3 million in cash plus the assumption of the joint venture partner’s share of debt of $90.0 million.

On May 15, 2003, the Company sold 49.9% of its partnership interest in the Village at Corte Madera for a total purchase price of approximately $65.9 million, which included the assumption of a proportionate amount of the partnership debt in the amount of approximately $34.7 million. The Company is retaining a 50.1% partnership interest and will continue leasing and managing the asset. The sale resulted in a gain on sale of asset of $8.8 million.

On June 6, 2003, the Shops at Gainey Village, a 138,000 square foot Phoenix area specialty center, was sold for $55.7 million. The Company, which owned 50% of this property, received total proceeds of $15.8 million and recorded a gain on sale of asset of $2.8 million.

On August 4, 2003, the Company sold Bristol Center, a 161,000 square foot community center in Santa Ana, California. The sales price was approximately $30.0 million and the Company recorded a gain on sale of asset of $22.2 million which is reflected in discontinued operations.

On September 15, 2003, the Company acquired Northridge Mall, an 864,071 square foot super-regional mall in Salinas, California. The total purchase price was $128.5 million and was funded by sale proceeds from Bristol Center and borrowings under the Company’s line of credit. Northridge Mall is referred herein as the “2003 Acquisition Center.”

On December 18, 2003, the Company acquired Biltmore Fashion Park, a 610,477 square foot regional mall in Phoenix, Arizona. The total purchase price was $158.5 million, which included the assumption of $77.4 million of debt. The Company also issued 705,636 partnership units of the Operating Partnership at a

price of $42.80 per unit. The balance of the Company's 50% share of the purchase price of $10.5 million was funded by cash and borrowings under the Company's line of credit. The mall is owned in a 50/50 joint venture with an institutional partner.

On January 30, 2004, the Company, in a 50/50 joint venture with a private investment company, acquired Inland Center, a 1 million square foot super-regional mall in San Bernardino, California. The total purchase price was $63,300 and concurrently with the acquisition, the joint venture placed a $54,000 fixed rate loan on the property. The balance of the Company's pro rata share of the purchase price was funded by cash and borrowings under the Company's line of credit.

Biltmore Fashion Park and Inland Center are joint ventures and these properties are reflected using the equity method of accounting. The results of these acquisitions are reflected in the consolidated results of operations of the Company in the income statement line item entitled "Equity in income of unconsolidated joint ventures and the management company."

Many of the variations in the results of operations, discussed below, occurred due to the transactions described above including the 2003 Acquisition Center. Biltmore Fashion Park and Inland Center are referred to herein as the "Joint Venture Acquisition Centers." Crossroads Mall-Boulder, Parklane Mall and Queens Center are currently under redevelopment and are referred to herein as the "Redevelopment Centers." La Encantada and Scottsdale 101 are currently under development and are referred herein as the "Development Properties." Scottsdale 101 is a joint venture and the results are reflected using the equity method of accounting. All other Centers, excluding the Redevelopment Centers, the Development Properties, the Village at Corte Madera, FlatIron Crossing, the 2003 Acquisition Center and the Joint Venture Acquisition Centers, are referred to herein as the "Same Centers," unless the context otherwise requires.

Revenues include rents attributable to the accounting practice of straight-lining of rents which requires rent to be recognized each year in an amount equal to the average rent over the term of the lease, including fixed rent increases over that period. The amount of straight-lined rents, included in consolidated revenues, recognized in 2004 was $0.3 million compared to $0.5 million in 2003. Additionally, the Company recognized through equity in income of unconsolidated joint ventures, $0.3 million as its pro rata share of straight-lined rents from joint ventures in 2004 compared to $0.6 million in 2003. These variances resulted from the Company structuring the majority of its new leases using an annual multiple of CPI increases, which generally do not require straight-lining treatment. Currently, 29% of the mall and freestanding leases contain provisions for CPI rent increases periodically throughout the term of the lease. The Company believes that using an annual multiple of CPI increases, rather than fixed contractual rent increases, results in revenue recognition that more closely matches the cash revenue from each lease and will provide more consistent rent growth throughout the term of the leases.

The Company's historical growth in revenues, net income and Funds From Operations have been closely tied to the acquisition and redevelopment of shopping centers. Many factors, including the availability and cost of capital, the Company's total amount of debt outstanding, interest rates and the availability of attractive acquisition targets, among others, will affect the Company's ability to acquire and redevelop additional properties in the future. The Company may not be successful in pursuing acquisition opportunities and newly acquired properties may not perform as well as expected in terms of achieving the anticipated financial and operating results. Increased competition for acquisitions may impact adversely the Company's ability to acquire additional properties on favorable terms. Expenses arising from the Company's efforts to complete acquisitions, redevelop properties or increase its market penetration may have an adverse effect on its business, financial condition and results of operations. In addition, the following describes some of the other significant factors that may impact the Company's future results of operations.

General Factors Affecting the Centers; Competition: Real property investments are subject to varying degrees of risk that may affect the ability of the Centers to generate sufficient revenues to meet operating and other expenses, including debt service, lease payments, capital expenditures and tenant improvements, and to make distributions to the Company and the Company's stockholders. Income from shopping center properties may be adversely affected by a number of factors, including: the national economic climate; the regional and local economy (which may be adversely impacted by plant closings, industry slowdowns, union activities, adverse weather conditions, natural disasters, terrorist activities, and other factors); local real estate conditions (such as an oversupply of, or a reduction in demand for, retail space or retail goods and the availability and creditworthiness of current and prospective tenants); perceptions by retailers or shoppers of the safety, convenience and attractiveness of the shopping center; and increased costs of maintenance, insurance and operations (including real estate taxes). A significant percentage of the Centers are located in California and Arizona. To the extent that economic or other factors affect California or Arizona (or their respective regions generally) more severely than other areas of the country, the negative impact on the Company's economic performance could be significant. There are numerous shopping facilities that compete with the Centers in attracting tenants to lease space, and an increasing number of new retail formats and technologies other than retail shopping centers that compete with the Centers for retail sales. Increased competition could adversely affect the Company's revenues. Income from shopping center properties and shopping center values are also affected by such factors as applicable laws and regulations, including tax, environmental, safety and zoning laws, interest rate levels and the availability and cost of financing.

Dependence on Anchors/Tenants: The Company's revenues and funds available for distribution would be adversely affected if a significant number of the Company's lessees were unable (due to poor operating results, bankruptcy, terrorist activities or other reasons) to meet their obligations, if the Company were unable to lease a significant amount of space in the Centers on economically favorable terms, or if for any reason, the Company were unable to collect a significant amount of rental payments. A decision by an Anchor or a significant tenant to cease operations at a Center could also have an adverse effect on the Company. In addition, mergers, acquisitions, consolidations, dispositions or bankruptcies in the retail industry could result in the loss of Anchors or tenants at one or more Centers. Furthermore, if the store sales of retailers operating in the Centers were to decline sufficiently, tenants might be unable to pay their minimum rents or expense recovery charges. In the event of a default by a lessee, the Center may also experience delays and costs in enforcing its rights as lessor.

Real Estate Development Risks: The Company's business strategy has expanded to include the selective development and construction of retail properties. Any development, redevelopment and construction activities that the Company undertakes will be subject to the risks of real estate development, including lack of financing, construction delays, environmental requirements, budget overruns, sunk costs and lease-up. Furthermore, occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable. Real estate development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. If any of the above events occur, the ability to pay distributions and service the Company's indebtedness could be adversely affected.

Joint Venture Centers: The Company indirectly owns partial interests in 41 Joint Venture Centers as well as fee title to a site that is ground leased to the entity that owns a Joint Venture Center and several development sites. The Company may also acquire partial interests in additional properties through joint venture arrangements. Investments in Joint Venture Centers involve risks different from those of investments in wholly-owned Centers. The Company may have fiduciary responsibilities to its partners that could affect decisions concerning the Joint Venture Centers. In certain cases, third parties share with the Company or have (with respect to one Joint Venture Center) control of major decisions relating to the Joint Venture Centers, including decisions with respect to sales, financings and the timing and amount of additional capital contributions, as well as decisions that could have an adverse impact on the Company's REIT status. In addition, some of the Company's outside partners control the day-to-day operations of seven Joint Venture Centers. The Company therefore does not control cash distributions from these Centers and the lack of cash distributions from these Centers could jeopardize the Company's ability to maintain its qualification as a REIT.

Uninsured Losses: Each of the Centers has comprehensive liability, fire, terrorism extended coverage and rental loss insurance with insured limits customarily carried for similar properties. The Company does not insure certain types of losses (such as losses from wars), because they are either uninsurable or not economically insurable. In addition, while the Company or the relevant joint venture, as applicable, carries earthquake insurance on the Centers located in California, the policies are subject to a deductible equal to 5% of the total insured value of each Center, a $100,000 per occurrence minimum and a combined annual aggregate loss limit of $200 million on these Centers. Furthermore, the Company carries title insurance on substantially all of the Centers for less than their full value. If an uninsured loss or a loss in excess of insured limits occurs, the Operating Partnership or the entity, as the case may be, that owns the affected Center could lose its capital invested in the Center, as well as the anticipated future revenue from the Center, while remaining obligated for any mortgage indebtedness or other financial obligations related to the Center. There is also no assurance that the Company will be able to maintain its current insurance coverage. An uninsured loss or loss in excess of insured limits may negatively impact the Company's financial condition.

REIT Qualification: Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations. The complexity of these provisions and of the applicable income tax regulations is greater in the case of a REIT such as the Company that holds its assets in partnership form. The determination of various factual matters and circumstances not entirely within our control, including by the Company's partners in the Joint Venture Centers, may affect its ability to qualify as a REIT. In addition, legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to the Company's qualification as a REIT or the federal income tax consequences of that qualification.

If in any taxable year the Company fails to qualify as a REIT, the Company will suffer the following negative results:

- the Company will not be allowed a deduction for distributions to stockholders in computing its taxable income; and

- the Company will be subject to federal income tax on its taxable income at regular corporate rates.

In addition, the Company will be disqualified from treatment as a REIT for the four taxable years following the year during which the qualification was lost, unless the Company was entitled to relief under statutory provisions. As a result, net income and the funds available for distribution to the Company's stockholders will be reduced for five years. It is also possible that future economic, market, legal, tax or other considerations might cause the Board of Directors to revoke the Company's REIT election.

Comparison of Three Months Ended March 31, 2004 and 2003

Revenues

Minimum and percentage rents increased by 7.5% to $78.4 million in 2004 from $72.9 million in 2003. Approximately $1.6 million of the increase relates to the Same Centers, $2.6 million of the increase relates to the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing, $2.3 million relates to the 2003 Acquisition Center and $0.5 million relates to the Redevelopment Centers and La Encantada where phases of the developments have been completed. Additionally, these increases in minimum and percentage rents are offset by decreasing revenues of $2.3 million related to the Company's sale of 49.9% of its partnership interest in the Village at Corte Madera.

During 2001, the Company adopted SFAS 141. (See "Statement on Critical Accounting Policies"). The amortization of below market leases, which is recorded in minimum rents, increased to $2.1 million in 2004 from $0.7 million in 2003. The increase is primarily due to the 2003 Acquisition Center and the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing.

Tenant recoveries increased to $41.3 million in 2004 from $36.9 in 2003. Approximately $1.4 million relates to the Same Centers, $2.0 million relates to the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing, $0.5 million relates to the Redevelopment Centers and La Encantada and $1.5 million relates to the 2003 Acquisition Center. This is offset by a $1.0 million decrease relating to the Company's sale of 49.9% partnership interest in the Village at Corte Madera.

Expenses

Shopping center and operating expenses increased to $42.8 million in 2004 compared to $39.0 million in 2003. The increase is a result of $1.5 million related to the 2003 Acquisition Center, $0.2 million represents increased property taxes, insurance and other recoverable and non-recoverable expenses at the Same Centers, $1.5 million related to the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing and $1.4 million related to consolidating Macerich Management Company effective July 1, 2003, in accordance with FIN 46. (See "New Pronouncements Issued"). Prior to July 1, 2003, the Macerich Management Company was accounted for using the equity method of accounting. This is offset by a $0.8 million decrease related to the Company's sale of 49.9% of its partnership interest in the Village at Corte Madera

REIT General and Administrative Expenses

REIT general and administrative expenses increased to $3.0 million in 2004 from $2.3 million in 2003, primarily due to increases in professional services, travel expenses and stock-based compensation expense.

Comparison of Three Months Ended March 31, 2004 and 2003

Depreciation and Amortization

Depreciation and amortization increased to $34.3 million in 2004 from $23.8 million in 2003. Approximately $0.9 million relates to the 2003 Acquisition Center, $0.8 million relates to consolidating Macerich Management Company effective July 1, 2003 and $0.6 million relates to the Redevelopment Centers and La Encantada. As a result of SFAS 141, an additional $7.0 million of depreciation and amortization was recorded for the three months ending March 31, 2004 compared to the same period in 2003 due to the reclassification of the purchase price of 2002 and 2003 acquisitions between buildings and into the value of in-place leases, tenant improvements and lease commissions. This is offset by a $1.9 million decrease relating to the sale of 49.9% of the partnership interest in the Village at Corte Madera.

Interest Expense

Interest expense decreased to $33.3 million in 2004 from $34.0 million in 2003. Approximately $2.5 million of the decrease relates to payoffs of loans on the Same Centers and Redevelopment Centers, $1.3 million relates from the Company's sale of 49.9% of its partnership interest in the Village at Corte Madera. These decreases are offset by $1.3 million relating to the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing and $2.6 million is related to the $250.0 million of unsecured notes issued on May 13, 2003. Capitalized interest was $3.1 million in 2004, up from $2.5 million in 2003.

Minority Interest

The minority interest represents the 19.54% weighted average interest of the Operating Partnership by the Company during 2004. This compares to 20.94% not owned by the Company during 2003.

Equity in Income from Unconsolidated Joint Ventures and Macerich Management Company

The income from unconsolidated joint ventures and the Macerich Management Company was $14.9 million for 2004, compared to income of $14.5 million in 2003. This increase is primarily due to consolidating Macerich Management Company effective July 1, 2003 in accordance with FIN 46. Prior to July 1, 2003, the Macerich Management Company was accounted for using the equity method of accounting.

Loss on Early Extinguishment of Debt

In 2004, the Company recorded a loss from early extinguishment of debt of $0.4 million related to the payoff of a loan at the Redevelopment Centers.

Net Income Available to Common Stockholders

Primarily as a result of the purchase of the 2003 Acquisition Center, the sale of 49.9% of the partnership interest in the Village at Corte Madera, the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing, the change in depreciation expense due to SFAS 141 and the foregoing results, net income available to common stockholders decreased to $18.1 million in 2004 from $19.4 million in 2003.

Operating Activities

Cash flow from operations was $75.8 million in 2004 compared to $79.7 million in 2003. The decrease is primarily due to a decrease of $9.7 million relating to amounts due from affiliates and the foregoing results at the Centers as mentioned above.

Investing Activities

Cash used in investing activities was $69.1 million in 2004 compared to cash used in investing activities of $96.0 million in 2003. The change resulted primarily from the $27.4 million increase in development, redevelopment and expansion of Centers primarily due to the Queens Center expansion which is offset by the Company's purchase of its joint venture partner's 50% interest in FlatIron Crossing on January 31, 2003.

Financing Activities

Cash flow provided by financing activities was $27.1 million in 2004 compared to cash flow provided by financing activities of $68.5 million in 2003. The 2003 increase compared to 2004 resulted primarily from the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing in January 2003, the $32.3 million funding of the Panorama loan in the first quarter of 2003 and $11.1 million of net additional funding in 2003 relating to the Queens construction loan compared to the same period in 2004.

Funds From Operations

Primarily as a result of the factors mentioned above, Funds from Operations—Diluted increased 8.5% to $68.7 million in 2004 from $63.3 million in 2003. For the reconciliation of FFO and FFO-diluted to net income available to common stockholders, see "Funds from Operations."

Liquidity and Capital Resources

The Company intends to meet its short term liquidity requirements through cash generated from operations, working capital reserves, property secured borrowings and borrowing under the new revolving line of credit. The Company anticipates that revenues will continue to provide necessary funds for its

operating expenses and debt service requirements, and to pay dividends to stockholders in accordance with REIT requirements. The Company anticipates that cash generated from operations, together with cash on hand, will be adequate to fund capital expenditures which will not be reimbursed by tenants, other than non-recurring capital expenditures. The following table summarizes capital expenditures incurred at the Centers, including the pro rata share of joint ventures, for the three months ending March 31,:

(Dollars in Millions)	2004	2003
Acquisitions of property and equipment	$ 36.3	$ 4.2
Development, redevelopment and expansion of Centers	52.9	35.3
Renovations of Centers	9.3	1.3
Tenant allowances	2.4	1.5
Deferred leasing charges	3.5	3.1
Total	$ 104.4	$ 45.4

Management expects similar levels to be incurred in future years for tenant allowances and deferred leasing charges and to incur between $125 million to $180 million in 2004 for development, redevelopment, expansion and renovations, excluding the Queens Center expansion and the developments of La Encantada and Scottsdale 101 which will be separately financed as described below. Capital for major expenditures or major developments and redevelopments has been, and is expected to continue to be, obtained from equity or debt financings which include borrowings under the Company's line of credit and construction loans. However, many factors impact the Company's ability to access capital, such as its overall debt level, interest rates, interest coverage ratios and prevailing market conditions.

On February 28, 2002, the Company issued 1,968,957 common shares with total net proceeds of $52.3 million. The proceeds from the sale of the common shares were used principally to finance a portion of the Queens Center expansion and redevelopment project and for general corporate purposes. The Queens Center expansion and redevelopment is anticipated to cost between $250 million and $275 million. The Company has a $225.0 million construction loan which converts to a permanent loan at completion and stabilization, which is collateralized by the Queens Center property, to finance the remaining project costs. Construction began in the second quarter of 2002 with completion estimated to be, in phases, through late 2004 and stabilization expected in 2005.

The Company has obtained construction loans for $51.0 million and $54.0 million for the developments of La Encantada and Scottsdale 101, respectively. These loans will be funded as construction costs are incurred.

The Company believes that it will have access to the capital necessary to expand its business in accordance with its strategies for growth and maximizing Funds from Operations. The Company presently intends to obtain additional capital necessary for these purposes through a combination of debt or equity financings, joint ventures and the sale of non-core assets. The Company believes joint venture arrangements have in the past and may in the future provide an attractive alternative to other forms of financing, whether for acquisitions or other business opportunities.

The Company's total outstanding loan indebtedness at March 31, 2004 was $3.8 billion (including its pro rata share of joint venture debt). This equated to a debt to Total Market Capitalization (defined as total debt of the Company, including its pro rata share of joint venture debt, plus aggregate market value of outstanding shares of common stock, assuming full conversion of OP Units and preferred stock into common stock) ratio of approximately 48.14% at March 31, 2004. The majority of the Company's debt consists of fixed-rate conventional mortgages payable collateralized by individual properties.

The Company has filed a shelf registration statement, effective June 6, 2002, to sell securities. The shelf registration is for a total of $1.0 billion of common stock, common stock warrant or common stock rights. The Company sold a total of 15.2 million shares of common stock under this shelf registration on November 27, 2002. The aggregate offering price of this transaction was approximately $440.2 million, leaving approximately $559.8 million available under the shelf registration statement. In addition, the Company filed another shelf registration statement, effective October 27, 2003, to sell up to $300 million of preferred stock.

The Company has a $425.0 million revolving line of credit. This revolving line of credit has a three-year term plus a one-year extension. The interest rate fluctuates from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. As of March 31, 2004 and December 31, 2003, $318.0 million and $319.0 million was outstanding at an average interest rate of 3.67% and 3.69%, respectively.

On May 13, 2003, the Company issued $250.0 million in unsecured notes maturing in May 2007 with a one-year extension option bearing interest at LIBOR plus 2.50%. The proceeds were used to pay down and create more availability under the Company's line of credit. At March 31, 2004 and December 31, 2003, the entire $250.0 million of notes were outstanding at an interest rate of 4.45%. In October 2003, the Company entered into an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005.

At March 31, 2004, the Company had cash and cash equivalents available of $80.9 million.

Funds From Operations

The Company uses Funds from Operations ("FFO") in addition to net income to report its operating and financial results and considers FFO and FFO-diluted as supplemental measures for the real estate industry and a supplement to Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same

basis. FFO and FFO on a fully diluted basis, are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. FFO on a fully diluted basis, is one of the measures investors find most useful in measuring the dilutive impact of outstanding convertible securities. FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP and is not indicative of cash available to fund all cash flow needs. FFO, as presented, may not be comparable to similarly titled measures reported by other real estate investment trusts. The reconciliation of FFO and FFO-diluted to net income available to common stockholders is provided below.

In compliance with the Securities and Exchange Commission's new regulations, the Company has revised its FFO definition as of January 1, 2003 and for all prior periods presented. FFO now includes gains or losses on sales of peripheral land, impairment of assets, losses on debt-related transactions and the effect of SFAS No. 141. The Company's revised definition is in accordance with the definition provided by NAREIT.

The inclusion of gains (losses) on sales of peripheral land included in FFO for the three months ended March 31, 2004 and 2003 were $1.4 million (including $1.4 million from joint ventures at pro rata) and $0.5 million (including $0.4 million from joint ventures at pro rata), respectively.

The Company's losses on debt-related transactions for the three months ended March 31, 2004 was $0.4 million. There were no losses from debt-related transactions in 2003.

The following reconciles net income available to common stockholders to FFO and FFO-diluted for the three months ending March 31,:
(amounts in thousands)

	2004		2003	
	Shares	Amount	Shares	Amount
Net income-available to common stockholders		$ 18,116		$ 19,425
Adjustments to reconcile net income to FFO-basic:				
Minority interest		4,400		5,145
(Gain) loss on sale or write-down of wholly-owned assets		(27)		38
Add: Gain on land sales—consolidated assets		—		128
(Gain) loss on sale or write-down of assets from unconsolidated entities (pro rata)		(1,417)		(447)
Add: Gain (loss) on land sales—pro rata unconsolidated entities		1,417		396
Depreciation and amortization on wholly-owned centers		34,301		23,914
Depreciation and amortization on joint ventures and from the management company (pro rata)		12,358		11,657
Less: depreciation on personal property and amortization of loan costs and interest rate caps		(2,677)		(2,166)
FFO—basic(1)	72,568	66,471	65,486	58,090
Additional adjustments to arrive at FFO-diluted:				
Impact of convertible preferred stock	3,627	2,212	9,115	5,195
Impact of stock options using the treasury method	419	—	437	—
Impact of restricted stock using the treasury method	(n/a antidilutive)		(n/a antidilutive)	
FFO—diluted(2)	76,614	$ 68,683	75,038	$ 63,285

(1) *Calculated based upon basic net income as adjusted to reach basic FFO. As of March 31, 2004 and 2003, 14.2 million and 13.7 million of OP Units and Westcor partnership units were outstanding, respectively.*

(2) *The computation of FFO—diluted shares outstanding includes the effect of outstanding common stock options and restricted stock using the treasury method. On February 25, 1998, the Company sold $100 million of its Series A Preferred Stock. On June 16, 1998, the Company sold $150 million of its Series B Preferred Stock. On September 9, 2003, 5.5 million shares of Series B Preferred Stock were converted into common shares. The preferred stock can be converted on a one-for-one basis for common stock. The preferred shares are assumed converted for purposes of 2004 and 2003 FFO-diluted as they are dilutive to that calculation.*

Included in minimum rents were rents attributable to the accounting practice of straight-lining of rents. The amount of straight-lining of rents, including the Company's pro rata share from joint ventures, that impacted minimum rents was $0.6 million for 2004 and $1.1 million for 2003. The decrease in straight-lining of rents in 2004 compared to 2003 is related to the Company structuring its new leases using rent increases tied to the change in CPI rather than using contractually fixed rent increases.

Inflation

In the last three years, inflation has not had a significant impact on the Company because of a relatively low inflation rate. Most of the leases at the Centers have rent adjustments periodically through the lease term. These rent increases are either in fixed increments or based on using an annual multiple of

increases in the CPI. In addition, about 7%-12% of the leases expire each year, which enables the Company to replace existing leases with new leases at higher base rents if the rents of the existing leases are below the then existing market rate. Additionally, the majority of the leases require the tenants to pay their pro rata share of operating expenses.

Seasonality

The shopping center industry is seasonal in nature, particularly in the fourth quarter during the holiday season when retailer occupancy and retail sales are typically at their highest levels. In addition, shopping malls achieve a substantial portion of their specialty (temporary retailer) rents during the holiday season and the majority of percentage rent is recognized in the fourth quarter. As a result of the above and the implementation of Staff Accounting Bulletin 101, earnings are generally higher in the fourth quarter of each year.

New Pronouncements Issued

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, and amendment of FASB Statement No. 123" ("SFAS No. 148"). SFAS No. 148 amended SFAS No 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for employee stock-based compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No 123 to require prominent disclosure in annual and interim financial statements about the method of accounting for stock-based compensation and its effect on reported results. Prior to the issuance of SFAS No. 148, the Company adopted the provisions of SFAS No. 123 and has expensed all stock options issued subsequent to January 1, 2002. The Company did not issue any stock options to the employees for the three months ending March 31, 2004 and 2003 and accordingly, no compensation expense has been recorded in either period.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities—an interpretation of ARB No. 51." FIN 46 addresses consolidation by business enterprises of variable interest entities, which have one or both of the following characteristics: 1) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, which is provided through other interests that will absorb some or all of the expected losses of the entity, and 2) the equity investors lack an essential characteristic of a controlling financial interest. FIN 46 was effective immediately for all variable interest entities acquired after January 31, 2003 and for the first fiscal year or interim period beginning after June 15, 2003 for variable interest entities in which an enterprise holds a variable interest that was acquired before February 1, 2003. In December 2003, the FASB deferred the effective date of FIN 46 for variable interests acquired before February 1, 2003 to the first reporting period ending after March 15, 2004. The Company has adopted the provisions of FIN 46 for all non-special purpose entities created after February 1, 2003, and the Company has determined that FIN 46 does not apply to its investments in such entities or that such entities are not variable interest entities. In considering investments in joint ventures made prior to February 1, 2003, the Company has concluded that the joint ventures are either not subject to the provisions of FIN 46 or, if subject to FIN 46, are not variable interest entities. As a result, the adoption of FIN 46 did not have a material effect on the Company's consolidated financial statements. Effective July 1, 2003, the Company has consolidated Macerich Management Company ("MMC"), in accordance with FIN 46. The results to the consolidated financial statements did not have a material impact. Prior to July 1, 2003, MMC was accounted for under the equity method in the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS 150 specifies that instruments within its scope embody obligations of the issuer and that, therefore, the issuer must classify them as liabilities. Financial instruments within the scope of the pronouncement include mandatorily redeemable financial instruments, obligations to repurchase the issuer's equity shares by transferring assets, and certain obligations to issue a variable number of shares. SFAS 150 was effective immediately for all financial instruments entered into or modified after May 31, 2003. For all other instruments, SFAS 150 originally was effective July 1, 2003 for the Company. In October 2003, the FASB voted to defer certain provisions of SFAS 150 indefinitely. For those provisions of SFAS 150 adopted by the Company, there was no material impact to its financial position or results of operations. For those provisions of SFAS 150 deferred by the FASB, the Company does not expect there will be a material impact on its financial position or results of operations upon adoption.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company's primary market risk exposure is interest rate risk. The Company has managed and will continue to manage interest rate risk by (1) maintaining a ratio of fixed rate, long-term debt to total debt such that variable rate exposure is kept at an acceptable level, (2) reducing interest rate exposure on certain long-term variable rate debt through the use of interest rate caps and/or swaps with appropriately matching maturities, (3) using treasury rate locks where appropriate to fix rates on anticipated debt transactions, and (4) taking advantage of favorable market conditions for long-term debt and/or equity.

The following table sets forth information as of March 31, 2004 concerning the Company's long term debt obligations, including principal cash flows by scheduled maturity, weighted average interest rates and estimated fair value ("FV"):

	For the Years Ended December 31,							
(dollars in thousands)	**2004**	**2005**	**2006**	**2007**	**2008**	**Thereafter**	**Total**	**FV**
Consolidated Centers:								
Long term debt:								
Fixed rate	$ 18,358	$ 31,825	$ 105,821	$ 114,459	$ 306,146	$ 983,056	$ 1,559,665	$ 1,709,688
Average interest rate	6.65%	6.66%	6.65%	6.74%	6.74%	6.54%	6.65%	—
Variable rate	148,835	584,365	79,875	250,000	—	125,422	$ 1,188,497	1,188,497
Average interest rate	2.60%	3.70%	2.75%	4.45%	—	3.60%	3.64%	—
Total debt-Consolidated	$ 167,193	$ 616,190	$ 185,696	$ 364,459	$ 306,146	$ 1,108,478	$ 2,748,162	$ 2,898,185

Centers								
Joint Venture Centers:								
(at Company's pro rata share:)								
Fixed rate	$ 12,855	$ 94,271	$ 275,756	$ 127,902	$ 64,642	$ 312,175	$ 887,601	$ 966,006
Average interest rate	6.35%	6.30%	6.21%	6.45%	6.56%	7.05%	6.35%	—
Variable rate	9,268	14,266	162,173	—	—	—	$ 185,707	182,878
Average interest rate	2.30%	3.04%	1.76%	—	—	—	1.86%	—
Total debt - Joint Ventures	$ 22,123	$ 108,537	$ 437,929	$ 127,902	$ 64,642	$ 312,175	$ 1,073,308	$ 1,148,884

The consolidated Centers' total fixed rate debt decreased from $1,606,003 at December 31, 2003 to $1,559,665 at March 31, 2004. The average interest rate at December 31, 2003 and March 31, 2004 was 6.65%.

The consolidated Centers' total variable rate debt increased from $1,076,596 at December 31, 2003 to $1,188,497 at March 31, 2004. The average interest rate at December 31, 2003 and March 31, 2004 was 3.55% and 3.64%, respectively.

The Company's pro rata share of the Joint Venture Centers' fixed rate debt at December 31, 2003 and March 31, 2004 was $861,883 and $887,601, respectively. The average interest rate decreased from 6.40% in 2003 to 6.35% in 2004. The Company's pro rata share of the Joint Venture Centers' variable rate debt at December 31, 2003 and March 31, 2004 was $184,159 and $185,707, respectively. The average interest rate decreased from 1.88% in 2003 to 1.86% in 2004.

The Company uses derivative financial instruments in the normal course of business to manage, or hedge, interest rate risk and records all derivatives on the balance sheet at fair value. The Company requires that hedging derivative instruments are effective in reducing the risk exposure that they are designated to hedge. For derivative instruments associated with the hedge of an anticipated transaction, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Any instrument that meets these hedging criteria is formally designated as a hedge at the inception of the derivative contract. When the terms of an underlying transaction are modified resulting in some ineffectiveness, the portion of the change in the derivative fair value related to ineffectiveness from period to period will be included in net income. If any derivative instrument used for risk management does not meet the hedging criteria then it is marked-to-market each period, however, the Company intends for all derivative transactions to meet all the hedge criteria and qualify as hedges.

On an ongoing quarterly basis, the Company adjusts its balance sheet to reflect the current fair value of its derivatives. Changes in the fair value of derivatives are recorded each period in income or comprehensive income, depending on whether the derivative is designated and effective as part of a hedged transaction, and on the type of hedge transaction. To the extent that the change in value of a derivative does not perfectly offset the change in value of the instrument being hedged, the ineffective portion of the hedge is immediately recognized in income. Over time, the unrealized gains and losses held in accumulated other comprehensive income will be reclassified to income. This reclassification occurs when the hedged items are also recognized in income. The Company has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

To determine the fair value of derivative instruments, the Company uses standard market conventions and techniques such as discounted cash flow analysis, option pricing models, and termination cost at each balance sheet date. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

The $250.0 million variable rate debt maturing in 2007 has an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005. This swap has been designated as a hedge in accordance with SFAS No. 133. The fair value of this swap agreement at March 31, 2004 was ($1.6) million.

The Company has an interest rate cap with a notional amount of $92,000 on their $108,000 loan on The Oaks. This interest rate cap prevents the LIBOR interest rate from exceeding 7.10%. This cap agreement terminates July 1, 2004. The fair value of this cap agreement at March 31, 2004 was zero.

The Company's East Mesa Land and Superstition Springs joint venture have an interest rate swap which converts $12,845 of variable rate debt with a weighted average interest rate of 3.97% to a fixed rate of 5.39%. This swap has been designated as a hedge in accordance with SFAS No. 133. Additionally, interest rate caps were simultaneously sold to offset the effect of the interest rate cap agreements. These interest rate caps do not qualify for hedge accounting in accordance with SFAS 133.

In addition, the Company has assessed the market risk for its variable rate debt and believes that a 1% increase in interest rates would decrease future earnings and cash flows by approximately $11.2 million per year based on $1.1 billion outstanding of variable rate debt, excluding the $250.0 million of debt maturing in 2007, at March 31, 2004.

The fair value of the Company's long term debt is estimated based on discounted cash flows at interest rates that management believes reflect the risks associated with long term debt of similar risk and duration.

Item 4

Controls and Procedures

The principal executive officer and principal financial officer of the Company (collectively, the "certifying officers") have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) as of the end of the quarterly period

covered by this report. The certifying officers concluded, based on their evaluation, that the Company's disclosure controls and procedures were effective as of the end of the quarterly period covered by this report. There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Other Information

Item 1 Legal Proceedings

During the ordinary course of business, the Company, from time to time, is threatened with, or becomes a party to, legal actions and other proceedings. Management is of the opinion that the outcome of currently known actions and proceedings to which it is a party will not, singly or in the aggregate, have a material adverse effect on the Company.

Item 2 Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

None

Item 3 Defaults Upon Senior Securities

None

Item 4 Submission of Matters to a Vote of Security Holders

None

Item 5 Other Information

None

Item 6 Exhibits and Reports on Form 8-K

a. Exhibits

3. Amended and Restated By-Laws of the Company (March 15, 2004)

10. Form of Restricted Stock Award Agreement for Non-Management Directors

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Item 6 Exhibits and Reports on Form 8-K, Continued:

31.1 Section 302 Certification of Arthur Coppola, Chief Executive Officer

31.2 Section 302 Certification of Thomas O'Hern, Chief Financial Officer

32.1 Section 906 Certification of Arthur Coppola, Chief Executive Officer and Thomas O'Hern, Chief Financial Officer

b. Current Reports on Form 8-K

Current Report on Form 8-K event date February 10, 2004 (reporting announcement of results of operations for the Company for the quarter ended December 31, 2003) (Furnished).

Current Report on Form 8-K event date May 7, 2004 (reporting announcement of results of operations for the Company for the quarter ended March 31, 2004) (Furnished).

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.

The Macerich Company

By: /s/ Thomas E. O'Hern
Thomas E. O'Hern
Executive Vice President and
Chief Financial Officer

Date: May 7, 2004

Exhibit Index

Exhibit No.

(a) Exhibits

Number	Description
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32.1	Section 906 Certification of Arthur Coppola, Chief Executive Officer and Thomas O'Hern, Chief Financial Officer

THE MACERICH COMPANY

BY-LAWS

(Amended and Restated March 15, 2004)

ARTICLE I.

STOCKHOLDERS

SECTION 1.01. Annual Meeting. The corporation shall hold an annual meeting of its stockholders to elect directors and transact any other business within its powers, either at 10:00 a.m. on the first Tuesday of May in each year if not a legal holiday, or at such other time on such other day falling on or before the 30th day thereafter as shall be set by the Board of Directors. Except as the Charter or statute provides otherwise, any business may be considered at an annual meeting without the purpose of the meeting having been specified in the notice. Failure to hold an annual meeting does not invalidate the Corporation's existence or affect any otherwise valid corporate acts.

SECTION 1.02. Special Meeting. (a) The President, the Chairman of the Board or the Board of Directors may call a special meeting of the stockholders. A special meeting of the stockholders shall also be called by the Secretary of the Corporation upon the written request of stockholders entitled to cast not less than a majority of all votes entitled to be cast at such meeting. Such request shall state the purpose of the meeting and the matters proposed to be acted on at such meeting.

(b) In order that the Corporation may determine the stockholders entitled to request a special meeting, the Board of Directors may fix a record date to determine the stockholders entitled to make such a request (the "Request Record Date"). The Request Record Date shall not precede the close of business on the date upon which the resolution fixing the Request Record Date is adopted by the Board of Directors and shall not be more than 10 days after the date upon which the resolution fixing the Request Record Date is adopted by the Board of Directors. Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the Secretary of the Corporation by certified or registered mail, return receipt requested, request the Board of Directors to fix a Request Record Date. Unless the Board of Directors shall, within 10 days after the date on which a valid request to fix a Request Record Date is received, adopt a resolution fixing the Request Record Date and make a public announcement of such Request Record Date, the Request Record Date shall be the close of business on the 10th day after the first date on which a valid written request to set a Request Record Date is received by the Secretary. To be valid, such written request shall set forth the purpose or purposes for which the special meeting is requested, shall be signed by one or more stockholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such stockholder (or proxy or other representative) and shall set forth all information relating to such stockholder that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case

pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14a-11 thereunder.

(c) In order for a stockholder or stockholders to request a special meeting, a written request or requests for a special meeting signed by the holders of record as of the Request Record Date of at least a majority of the issued and outstanding shares of stock that would be entitled to vote at such a meeting must be delivered to the Corporation. To be valid, each written request by a stockholder for a special meeting shall set forth the specific purpose or purposes for which the special meeting is requested (which purpose or purposes shall be limited to the purpose or purposes set forth in the written request to set a Request Record Date received by the Corporation pursuant to paragraph (b) of this Section 1.02), shall be signed by one or more persons who as of the Request Record Date are stockholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such stockholder (or proxy or other representative), and shall set forth the name and address, as they appear in the Corporation's books, of each stockholder signing such request and the class and number of shares of stock of the Corporation which are owned of record and beneficially by each such stockholder, shall be sent to the Secretary by certified or registered mail, return receipt requested, and shall be received by the Secretary within 60 days after the Request Record Date.

(d) The Secretary of the Corporation shall inform the stockholder or stockholders requesting a special meeting (each, a "Requesting Stockholder") of the reasonably estimated cost of holding the special meeting, including the costs of preparing and mailing proxy materials for the Corporation's own solicitation. The Corporation shall not be required to call a special meeting upon stockholder request unless, in addition to the documents required by paragraph (c) of this Section 1.02, the Secretary receives payment of such reasonably estimated cost of holding the special meeting from the Requesting Stockholders. If each of the resolutions introduced by any Requesting Stockholder at such meeting is adopted, and each of the individuals nominated by or on behalf of any Requesting Stockholder for election as a director at such meeting is elected, then the Corporation shall refund to the Requesting Stockholders the amount of such reasonably estimated cost.

(e) Except as provided in the following sentence, any special meeting shall be held at such place, hour and day as may be designated by whichever of the President, Chairman or the Secretary shall have called such meeting. In the case of any special meeting called by the President, Chairman or by the Secretary upon the request of stockholders (a "Request Special Meeting"), such meeting shall be held at such place, hour and day as may be designated by the Board of Directors; provided, however, that the date of any Request Special Meeting shall be not more than 60 days after the Meeting Record Date (as defined in Section 1.08); and provided further that in the event that the directors then in office fail to designate an hour and date for a Request Special Meeting within 10 days after the date that valid written requests for such meeting by the holders of record as of the Request Record Date of at least a majority of the issued and outstanding shares of stock that would be entitled to vote at such meeting are delivered to the Corporation (the "Delivery Date"), then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Delivery Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the directors then in office fail to designate a place for a Request Special Meeting within 10 days after the Delivery Date, then such meeting shall be held at the principal executive offices of the

Corporation. In fixing a date for any special meeting, the Chairman, the Secretary or the Board of Directors may consider such factors as he or it deems relevant within the good faith exercise of his or its business judgment, including, without limitation, the nature of the action proposed to be taken, the facts and circumstances surrounding any request of such meeting, and any plan of the Board of Directors to call an annual meeting or a special meeting for the conduct of related business.

(f) The Corporation may engage regionally or nationally recognized independent inspectors of elections to act as an agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported written request or requests for a special meeting received by the Secretary. For the purpose of permitting the inspectors to perform such review, no purported request shall be deemed to have been delivered to the Corporation until the earlier of (i) 5 Business Days following receipt by the Secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the Secretary represent at least a majority of the issued and outstanding shares of stock that would be entitled to vote at such meeting. Nothing contained in this paragraph (f) shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any request, whether during or after such 5 Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(g) For purposes of this By-Law, “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of California are authorized or obligated by law or executive order to close.

SECTION 1.03. Place of Meetings. Meetings of stockholders shall be held at such place in the United States as is set from time to time by the Board of Directors.

SECTION 1.04. Notice of Meetings; Waiver of Notice. Not less than ten or more than 90 days before each stockholders’ meeting, the Secretary shall give written notice of the meeting to each stockholder entitled to vote at the meeting and each other stockholder entitled to notice of the meeting. The notice shall state the time and place of the meeting and, if the meeting is a special meeting or notice of the purpose is required by statute, the purpose of the meeting. Notice is given to a stockholder when it is personally delivered to him, left at his residence or usual place of business, or mailed to him at his address as it appears on the records of the Corporation. Notwithstanding the foregoing provisions, each person who is entitled to notice waives notice if he before or after the meeting signs a waiver of the notice which is filed with the records of stockholders’ meetings, or in present at the meeting in person or by proxy.

SECTION 1.05. Quorum; Voting. Unless statute or the Charter provides otherwise, at a meeting of stockholders the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum, and a majority of all the votes cast at a meeting at which a quorum is present is sufficient to approve any matter which properly comes before the meeting, except that a plurality of all the votes cast at a meeting at which a quorum is present is sufficient to elect a director.

SECTION 1.06. Adjournments. Whether or not a quorum is present, a meeting of stockholders convened on the date for which it was called may be adjourned from time to time without further notice by a majority vote of the stockholders present in person or by proxy to a date not more then 120 days after the original record date. Any business which might have been transacted at the meeting as originally notified may be deferred and transacted at any such adjourned meeting at which a quorum shall be prevent.

SECTION 1.07. General Right to Vote; Proxies. Unless the Charter provides for a greater or lesser number of votes per share or limits or denies voting rights, each outstanding share of stock, regardless of class, is entitled to one vote on each matter submitted to a vote at a meeting of stockholders. In all elections for directors, each share of stock may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A stockholder may vote the stock he owns of record either in person or by written proxy signed by the stockholder or by his duly authorized attorney in fact. Unless a proxy provides otherwise, it is not valid more than 11 months after its date.

SECTION 1.08. Fixing of Record Date; List of Stockholders. The Board of Directors may fix, in advance, a record date not less than 10 nor more than 90 days before the date then fixed for the holding of any meeting of the stockholders. The record date shall not be prior to the close of business on the day the record date is fixed. All persons who were holders of record of shares at such time, and no others, shall be entitled to vote at such meeting and any adjournment thereof. In the case of any Request Special Meeting, (i) the record date for such meeting (“Meeting Record Date”) shall not be later than the close of business on the 30th day after the Delivery Date and (ii) if the Board of Directors fails to fix the Meeting Record Date within 30 days after the Delivery Date, then the close of business on such 30th day shall be the Meeting Record Date. At each meeting of stockholders, a full, true and complete list of all stockholders entitled to vote at such meeting, showing the number and class of shares held by each and certified by the transfer agent for such class or by the Secretary, shall be furnished by the Secretary.

SECTION 1.09. Conduct of Business and Voting. At all meetings of stockholders, unless the voting in conducted by inspectors, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies, the acceptance or rejection of votes and procedures for the conduct of business not otherwise specified by these By-Laws, the Charter or law, shall be decided or determined by the chairman of the meeting. If demanded by stockholders, present in person or by proxy, entitled to cast 10% in number of votes entitled to be cast, or if ordered by the chairman, the vote upon any election or question shall be taken by ballot and, upon like demand or order, the voting shall be conducted by two inspectors, in which event the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided, by such inspectors. Unless so demanded or ordered, no vote need be by ballot and voting need not be conducted by inspectors. The stockholders at any meeting may choose an inspector or inspectors to act at such meeting, and in default of such election the chairman of the meeting may appoint an inspector or inspectors. No candidate for election as a director at a meeting shall serve as an inspector thereat.

SECTION 1.10. Informal Action by Stockholders. Any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting if there is filed with the records of stockholders meetings an unanimous written consent which sets forth the action and is signed by each stockholder entitled to vote on the matter and a written waiver of any right to dissent signed by each stockholder entitled to notice of the meeting but not entitled to vote at it.

SECTION 1.11. Notice of Stockholder Business and Nominations.

(a) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (A) pursuant to the Corporation's notice of meeting, (B) by or at the direction of the Board of Directors, or (C) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this By-Law, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of paragraph (a)(1) of this By-Law, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 60th day nor earlier than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of a postponement or adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this By-Law to the contrary, in the event that the number of directors to be elected to the Board

of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been specifically designated in the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (A) by or at the direction of the Board of Directors or (B) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this By-Law, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this By-Law shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of a postponement or adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(c) General. (1) Only such persons who are nominated in accordance with the procedures set forth in this By-Law shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-Law (and Section 1.02 with regard to stockholder requests). Except as otherwise specifically required by law, the chairman of the meeting shall have the exclusive power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in this By-Law and, if any proposed nomination or business is not in compliance with this By-Law, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this By-Law, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and

regulations thereunder with respect to the matters set forth in this By-Law. Nothing in this By-Law shall be deemed to affect any rights of (i) stockholders to request inclusion of proposals in, or the Corporation to omit proposals from, the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) the holders of any series of preferred stock to elect directors in accordance with the terms of such stock as set forth in the charter of the Corporation.

ARTICLE II.

BOARD OF DIRECTORS

SECTION 2.01. Function of Directors. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors. All powers of the Corporation may be exercised by or under authority of the Board of Directors, except as conferred on or reserved to the stockholders by statute or by the Charter or By-Laws.

SECTION 2.02. Number of Directors. The Corporation shall have nine directors. The fact that less than nine directors are in office at any time (whether by death, resignation or otherwise) shall not prevent action by the Board of Directors in accordance with Section 2.09 (for purposes of determining a quorum, the entire Board of Directors shall be deemed to consist of nine). This By-Law may be amended from time to time in accordance with Section 8.07, but no subsequent amendment reducing the number of directors shall affect the tenure of office of any director in office at the time of such amendment.

SECTION 2.03. Election and Tenure of Directors. The directors shall be divided into classes, as nearly equal in number as possible, with the term of office of the first class to expire at the 1995 annual meeting of stockholders, the term of office of the second class to expire at the 1996 annual meeting of stockholders, and the term of office of the third class to expire at the 1997 annual meeting of stockholders. At each annual meeting of stockholders beginning in 1995, successors to the class of directors whose term expires at that annual meeting shall be elected for a three year term.

SECTION 2.04. Removal of Director. Any director or the entire Board of Directors may be removed only for cause and then only by the affirmative vote of at least 66-2/3% of the voting power of all the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class.

SECTION 2.05. Vacancy on Board. The stockholders any elect a successor to fill a vacancy on the Board of Directors which results from the removal of a director. A director elected by the stockholders to fill a vacancy which results from the removal of a director serves for the balance of the term of the removed director. A majority of the remaining directors, whether or not sufficient to constitute a quorum, may fill a vacancy on the Board of Directors which results from any cause except an increase in the number of directors. A director elected by the Board of Directors to fill a vacancy serves until the next annual meeting of stockholders and until his successor in elected and qualifies.

SECTION 2.06. Regular Meetings. After each meeting of stockholders at which directors shall have been elected, the Board of Directors shall meet as soon as practicable for the

purpose of organization and the transaction of other business. In the event that no other time and place are specified by resolution of the Board, the President or the Chairman, with notice in accordance with Section 2.08, the Board of Directors shall meet immediately following the close of, and at the place of, such stockholders, meeting. Any other regular meeting of the Board of Directors shall be held on such date and at any place as may be designated from time to time by the Board of Directors.

SECTION 2.07. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board or the President or by a majority of the Board of Directors by vote at a meeting, or in writing with or without a meeting. A special meeting of the Board of Directors shall be held on such date and at any place as may be designated from time to time by the Board of Directors. In the absence of designation such meeting shall be held at such place as may be designated in the call.

SECTION 2.08. Notice of Meeting. Except as provided in Section 2.06, the Secretary shall give notice to each director of each regular and special meeting of the Board of Directors. The notice shall state the time and place of the meeting. Notice is given to a director when it is delivered personally to him, left at his residence or usual place of business, or sent by telegraph, facsimile transmission or telephone, at least 24 hours before the time of the meeting or, in the alternative by mail to his address as it shall appear on the records of the Corporation, at least 72 hours before the time of the meeting. Unless the By-Laws or a resolution of the Board of Directors provides otherwise, the notice need not state the business to be transacted at or the purposes of any regular or special meeting of the Board of Directors. No notice of any meeting of the Board of Directors need be given to any director who attends except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting in not lawfully called or convened, or to any director who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

SECTION 2.09. Action by Directors. Unless statute or the Charter or By-Laws requires a greater proportion, the action of a majority of the directors present at a meeting at which a quorum is present is action of the Board of Directors. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business. In the absence of a quorum, the directors present by majority vote and without notice other than by announcement may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting, if an unanimous written consent which sets forth the action is signed by each member of the Board and filed with the minutes of proceedings of the Board.

SECTION 2.10. Meeting by Conference Telephone. Members of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the

same time. Participation in a meeting by these means constitutes presence in person at a meeting.

SECTION 2.11. Compensation. By resolution of the Board of Directors a fixed sum and expenses, if any, for attendance at each regular or special meeting of the Board of Directors or of committees thereof, and other compensation for their services as such or on committees of the Board of Directors, may be paid to directors. Directors who are full-time employees of the Corporation need not be paid for attendance at meetings of the board or committees

thereof for which fees are paid to other directors. A director who serves the Corporation in any other capacity also may receive compensation for such other services, pursuant to a resolution of the directors.

ARTICLE III.

COMMITTEES

SECTION 3.01. Committees. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and other committees to serve at the pleasure of the Board of Directors and may delegate to these committees any of the powers of the Board of Directors, except as prohibited by applicable law or stock exchange regulation. The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall be composed entirely of independent directors. The Executive Committee, Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee shall be composed of two or more directors and any other committees may be composed of one or more directors, except as otherwise required by applicable law or stock exchange regulation.

SECTION 3.02. Committee Procedure. Each committee may fix rules of procedure for its business. A majority of the members of a committee shall constitute a quorum for the transaction of business and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the committee. The members of a committee present at any meeting, whether or not they constitute a quorum, may appoint a director to act in the place of an absent member. Any action required or permitted to be taken at a meeting of a committee may be taken without a meeting, if an unanimous written consent which sets forth the action is signed by each member of the committee and filed with the minutes of the committee. The members of a committee may conduct any meeting thereof by conference telephone in accordance with the provisions of Section 2.10.

SECTION 3.03. Emergency. In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Corporation by its directors and officers as contemplate by the Charter and the By-Laws, any two or more available members of the then incumbent Executive Committee shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Corporation in accordance with the provisions of Section 3.01. In the event of the unavailability, at such time, of a minimum of two members of the then incumbent Executive Committee, the available directors shall elect an Executive Committee consisting of any two members of the Board of

Directors, whether or not they be officers of the Corporation, which two members shall constitute the Executive Committee for the full conduct and management of the affairs of the Corporation in accordance with the foregoing provisions of this Section. This Section shall be subject to implementation by resolution of the Board of Directors passed from time to time for that purpose, and any provisions of the By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary resolutions shall be suspended until it shall be determined by any interim Executive Committee acting under this Section that it shall be to the advantage of the Corporation to resume the conduct and management of its affairs and business under all the other provisions of the By-Laws.

ARTICLE IV.

OFFICERS

SECTION 4.01. Executive and Other Officers. The Corporation shall have a President, a Secretary, and a Treasurer. It may also have a Chairman of the Board. The Board of Directors shall designate who shall serve as chief executive officer, who shall have general supervision of the business and affairs of the Corporation, and may designate a chief operating officer, who shall have supervision of the operations of the Corporation. In the absence of any designation the Chairman of the Board, if there be one, shall serve as chief executive officer and the President shall serve as chief operating officer. In the absence of the Chairman of the Board, or if there be none, the President shall be the chief executive officer. The same person may hold both offices. The Corporation may also have one or more Vice-Presidents, assistant officers, and subordinate officers as may be established by the Board of Directors. A person may hold more than one office in the Corporation except that no person may serve concurrently as both President and Vice-President of the Corporation. The Chairman of the Board shall be a director; the other officers may be directors.

SECTION 4.02. Chairman of the Board. The Chairman of the Board, if one be elected, shall preside at all meetings of the Board of Directors and of the stockholders at which he shall be present. Unless otherwise specified by the Board of Directors, he shall be the chief executive officer of the Corporation and perform the duties customarily performed by chief executive officers, and may perform any duties of the President. In general, he shall perform all such duties as are from time to time assigned to him by the Board of Directors.

SECTION 4.03. President. Unless otherwise provided by resolution of the Board of Directors, the President, in the absence of the Chairman of the Board, shall preside at all meetings of the Board of Directors and of the stockholders at which he shall be present. Unless otherwise specified by the Board of Directors, the President shall be the chief operating officer of the Corporation and perform the duties customarily performed by chief operating officers. He may sign and execute, in the name of the Corporation, all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated to some other officer or agent of the corporation. In general, he shall perform such other duties usually performed by a president of a corporation and other duties as are from time to time assigned to him by the Board of Directors or the chief executive officer or the Corporation.

SECTION 4.04. Vice-Presidents. The Vice-President or Vice-Presidents, at the request of the chief executive officer or the President, or in the President's absence or during his inability to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. If there be more than one Vice-President, the Board of Directors may determine which one or more of the Vice-Presidents shall perform any of such duties or exercise any of such functions, or if such determination is not made by the Board of Directors, the chief executive officer, or the President may make such determination; otherwise any of the Vice-Presidents may perform any of such duties or exercise any of such functions. The Vice-President or Vice-Presidents shall have such other powers and perform such other duties, and have such additional descriptive designations in their titles (if any), as are from time to time assigned to them by the Board of Directors, the chief executive officer, or the President.

SECTION 4.05. Secretary. The Secretary shall keep the minutes of the meetings of the stockholders, of the Board of Directors and of any committees, in books provided for the purpose; he shall see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law; he shall be custodian of the records of the Corporation; he may witness any document on behalf of the Corporation, the execution of which is duly authorized, see that the corporate seal is affixed where such document in required or desired to be under its seal, and, when so affixed, may attest the same; and, in general, he shall perform all duties incident to the office of a secretary of a corporation, and such other duties as are from time to time assigned to him by the Board of Directors, the chief executive officer, or the President.

SECTION 4.06. Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit, or cause to be deposited, in the name of the Corporation, all moneys or other valuable affects in such banks, trust companies or other depositories as shall, from time to time, be selected by the Board of Directors; he shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Corporation; and, in general, he shall perform all the duties incident to the office of a treasurer of a corporation, and such other duties as are from time to time assigned to him by the Board of Directors, the chief executive officer, or the President.

SECTION 4.07. Assistant and Subordinate Officers. The assistant and subordinate officers of the Corporation are all officers below the office of Vice-President, Secretary, or Treasurer. The assistant or subordinate officers shall have such duties as are from time to time assigned to them by the Board of Directors, the chief executive officer, or the President.

SECTION 4.08. Election, Tenure and Removal of Officers. The Board of Directors shall elect the officers. The Board of Directors may from time to time authorize any committee or officer to appoint assistant and subordinate officers. Election or appointment of an officer, employee or agent shall not of itself create contract rights. All officers shall be appointed to hold their offices, respectively, during the pleasure of the Board. The Board of Directors (or, as to any assistant or subordinate officer, any committee or officer authorized by the Board) may name an officer at any time. The removal of an officer does not prejudice any of his contract rights. The Board of Directors (or, as to any assistant or subordinate officer, any committee or officer authorized by the Board) may fill a vacancy which occurs in any office for the unexpired portion of the term.

SECTION 4.09. Compensation. The Board of Directors shall have power to fix the salaries and other compensation and remuneration, of whatever kind, of all officers of the Corporation. No officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation. The Board of Directors may authorize any committee or officer, upon whom the power of appointing assistant and subordinate officers may have been conferred, to fix the salaries, compensation and remuneration of such assistant and subordinate officers.

ARTICLE V.

DIVISIONAL TITLES

SECTION 5.01. Conferring Divisional Titles. The Board of Directors may from time to time confer upon any employee of a division of the Corporation the title of President, Vice President. Treasurer or Controller of such division or any other title or titles deemed appropriate, or may authorize the Chairman of the Board or the President to do so. Any such titles so conferred may be discontinued and withdrawn at any time by the Board of Directors, or by the Chairman of the Board or the President if so authorized by the Board of Directors. Any employee of a division designated by such a divisional title shall have the powers and duties with respect to such division as shall be prescribed by the Board of Directors, the Chairman of the Board or the President.

SECTION 5.02. Effect of Divisional Titles. The conferring of divisional titles shall not create an office of the Corporation under Article IV unless specifically designated as such by the Board of Directors; but any person who is an officer of the Corporation may also have a divisional title.

ARTICLE VI.

STOCK

SECTION 6.01. Certificates for Stock. Each stockholder is entitled to certificates which represent and certify the shares of stock he holds in the Corporation. Each stock certificate shall include on its face the name of the Corporation, the name of the stockholder or other person to whom it is issued, and the class of stock and number of shares it represents. It shall be in such form, not inconsistent with law or with the Charter, as shall be approved by the Board of Directors or any officer or officers designated for such purpose by resolution of the Board of Directors. Each stock certificate shall be signed by the Chairman of the Board, the President, or a Vice-President, and countersigned by the Secretary, an Assistant Secretary, the Treasurer, or an Assistant Treasurer. Each certificate may be sealed with the actual corporate seal or a facsimile of it or in any other form and the signatures may be either manual or facsimile signatures. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued.

SECTION 6.02. Transfers. The Board of Directors shall have power and authority to make such rules and regulations as it may deem expedient concerning the issue, transfer and

registration of certificates of stock; and may appoint transfer agents and registrars thereof. The duties of transfer agent and registrar may be combined.

SECTION 6.03. Record Dates and Closing of Transfer Books. The Board of Directors may set a record date or direct that the stock transfer books be closed for a stated period for the purpose of making any proper determination with respect to stockholders, including which stockholders are entitled to notice of a meeting, vote at a meeting, receive a dividend, or be allotted other rights. The record date may not be prior to the close of business on the day the record date is fixed nor, subject to Section 1.06, more than 90 days before the date on which the action requiring the determination will be taken; the transfer books way not be closed for a period longer than 20 days; and, in the case of a meeting of stockholders, the record date or the closing of the transfer books shall be at least ten days before the date of the meeting.

SECTION 6.04. Stock Ledger. The Corporation shall maintain a stock ledger which contains the name and address of each stockholder and the number of shares of stock of each class which the stockholder holds. The stock ledger may be in written form or in any other form, which can be converted within a reasonable time into written form for visual inspection. The original or a duplicate of the stock ledger shall be kept at the offices of a transfer agent for the particular class of stock, or, if none, at the principal office in the State of Maryland or the principal executive offices of the Corporation.

SECTION 6.05. Certification of Beneficial Owners. The Board of Directors may adopt by resolution a procedure by which a stockholder of the Corporation may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may certify; the purpose for which the certification may be made; the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board considers necessary or desirable. On receipt of a certification which complies with the procedure adopted by the Board in accordance with this Section, the person specified in the certification is, for the purpose set forth in the certification, the holder of record of the specified stock in place of the stockholder who makes the certification.

SECTION 6.06. Lost Stock Certificates. The Board of Directors of the Corporation may determine the conditions for issuing a new stock certificate in place of one which is alleged to have been lost, stolen, or destroyed, or the Board of Directors may delegate such power to any officer or officers of the Corporation. In their discretion, the Board of Directors or such officer or officers may refuse to issue such new certificate save upon the order of some court having jurisdiction in the premises.

ARTICLE VII.

FINANCE

SECTION 7.01. Checks, Drafts, Etc. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Corporation, shall, unless otherwise provided by resolution of the Board of Directors, be signed by the President, a Vice-President or an Assistant Vice-President and countersigned by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary.

SECTION 7.02. Annual Statement of Affairs. The President or chief accounting officer shall prepare annually a full and correct statement of the affairs of the Corporation, to include a balance sheet and a financial statement of operations for the preceding fiscal year. The statement of affairs shall be submitted at the annual meeting of the stockholders and, within 20 days after the meeting, placed on file at the Corporation’s principal office.

SECTION 7.03. Fiscal Year. The fiscal year of the Corporation shall be the twelve calendar months period ending December 31 in each year, unless otherwise provided by the Board of Directors.

SECTION 7.04. Dividends. If declared by the Board of Directors at any meeting thereof, the Corporation may pay dividends on its shares in cash, property, or in shares of the capital stock of the Corporation, unless such dividend is contrary to law or to a restriction contained in the Charter.

SECTION 7.05. Contracts. To the extent permitted by applicable law, and except as otherwise prescribed by the Charter or these By-Laws with respect to certificates for shares, the Board of Directors may authorize any officer, employee, or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

ARTICLE VIII.

SUMMARY PROVISIONS

SECTION 8.01. Books and Records. The Corporation shall keep correct and complete books and records of its accounts and transactions and minutes of the proceedings of its stockholders and Board of Directors and of any executive or other committee when exercising any of the powers of the Board of Directors. The books and records of a Corporation may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. Minutes shall be recorded in written form but may be maintained in the form of a reproduction. The original or a certified copy of the By-Laws shall be kept at the principal office of the Corporation.

SECTION 8.02. Corporate Seal. The Board of Directors shall provide a suitable seal, bearing the name of the Corporation, which shall be in the charge of the Secretary. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof. If the Corporation is required to place its corporate seal to a document, it is sufficient to meet the

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requirement of any law, rule, or regulation relating to a corporate seal to place the word “Seal” adjacent to the signature of the person authorized to sign the document on behalf of the Corporation.

SECTION 8.03. Bonds. The Board of Directors may require any officer, agent or employee of the Corporation to give a bond to the Corporation, conditioned upon the faithful discharge of his duties, with one or more sureties and in such amount as may be satisfactory to the Board of Directors.

SECTION 8.04. Voting Upon Shares in Other Corporations. Stock of other corporations or associations, registered in the name of the Corporation, may be voted by the President, a Vice-President, or a proxy appointed by either of them. The Board of Directors, however, may by resolution appoint some other person to vote such shares, in which case such person shall be entitled to vote such shares upon the production of a certified copy of such resolution.

SECTION 8.05. Mail. Any notice or other document which is required by these By-Laws to be mailed shall be deposited in the United States mails, postage prepaid.

SECTION 8.06. Execution of Documents. A person who holds more than one office in the Corporation may not act in more than one capacity to execute, acknowledge, or verify an instrument required by law to be executed, acknowledged, or verified by more than one officer.

SECTION 8.07. Amendments. In accordance with the Charter, these By-Laws may be repealed, altered, amended or rescinded exclusively by the Board of Directors in accordance with the provisions of these By-Laws.

SECTION 8.08. Control Share Acquisition Act. Notwithstanding any other provision of the Charter or these By-Laws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor By-Law, apply to any prior or subsequent control share acquisition.

ARTICLE IX.

INDEMNIFICATION

SECTION 9.01. Procedure. Any indemnification, or payment, of expenses in advance of the final disposition of any proceeding, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer entitled to seek indemnification (the "Indemnified Party"). The right to indemnification and advances hereunder shall be enforceable by the Indemnified Party in any court of competent jurisdiction, if (i) the Corporation denies such request, in whole or in part, or (ii) no disposition thereof is made within 60 days. The Indemnified Party's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be reimbursed by the Corporation. It shall be a defense to any action for advance for expenses that (a) a determination

has been made that the facts then known to those making the determination would preclude indemnification or (b) the Corporation has not received either (i) an undertaking as required by law to repay such advances in the event it shall ultimately be determined that the standard of conduct has not been met or (ii) a written affirmation by the Indemnified Party of such Indemnified Party's good faith belief that the standard of conduct necessary for indemnification by the Corporation has been met.

SECTION 9.02. Exclusivity, Etc. The indemnification and advance of expenses provided by the Charter and then By-Laws shall not be deemed exclusive of any other rights to which a person seeking indemnification or advance of expenses may be entitled under any law (common or statutory), or any agreement, vote of stockholders or disinterested directors or other provision that is consistent with law, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, shall continue in respect of all events occurring while a person was a director or officer after such person has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification and advance of expenses under the Charter of the Corporation and hereunder shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves or served in such capacity at any time while this By-Law is in effect. Nothing herein shall prevent the amendment of this By-Law, provided that no such amendment shall diminish the rights of any person hereunder with respect to events occurring or claims made before its adoption or as to claims made after its adoption in respect of events occurring before its adoption. Any repeal or modification of this By-Law shall not in any way diminish any rights to indemnification or advance of expenses of such director or officer or the obligations of the Corporation arising hereunder with respect to events occurring, or claims made, while this By-Law or any provision hereof is in force.

SECTION 9.03. Severability; Definitions. The invalidity or unenforceability of any provision of this Article IX shall not affect the enforceability or validity of any other provision hereof. The phrase "this By-Law" in this Article IX means this Article IX in its entirety.

THE MACERICH COMPANY

RESTRICTED STOCK AWARD AGREEMENT
2003 EQUITY INCENTIVE PLAN
(NON-EMPLOYEE DIRECTOR AWARDS)

Participant Name:
Soc. Sec. No.:
No. of Shares: (1)

Vesting Schedule: 33 1/3% of the shares on each anniversary of the Award Date, beginning on March 31, and ending on March 31, .

Award Date: March 31,

THIS AGREEMENT is among **THE MACERICH COMPANY**, a Maryland corporation (the “Corporation”), **THE MACERICH PARTNERSHIP, L.P**., a Delaware limited partnership (the “Operating Partnership”), and the “Director”) and is delivered under The Macerich Company 2003 Equity Incentive Plan (the “Plan”).

W I T N E S S E T H

WHEREAS, pursuant to the Plan, the Corporation has granted to the participant named above (the “Director”) with reference to services rendered and to be rendered to the Coorporation, effective as of the Award Date, a restricted stock award (the “Restricted Stock Award” or “Award”), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of services rendered and to be rendered by the Director and the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. **Defined Terms**. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. **Grant**. Subject to the terms of this Agreement and the Plan, the Corporation grants to the Director a Restricted Stock Award with respect to the aggregate number of shares of Common Stock, par value $.01 per share (the “Restricted Stock”) set forth above. The consideration for the shares issuable with respect to the Award on the terms set forth in this Agreement includes services and other consideration in an amount not less than the minimum lawful consideration under Maryland law.

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(1) Subject to adjustment under Section 6.2 of the Plan and the terms of this Agreement.

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3. **Vesting**. The Award shall vest, and restrictions (other than those set forth in Section 6.4 of the Plan) shall lapse, with respect to the portion of the total number of shares (subject to adjustment under Section 6.2 of the Plan) on each of the anniversaries of the Award Date until the Award is fully vested, as reflected in the Vesting Schedule above, subject to earlier termination or acceleration as provided herein or in the Plan.

4. **Continuance of Service Required**. The Director agrees to provide services to the Company in consideration for the conditional rights to the unvested shares of Restricted Stock subject to the Award granted hereunder. Except as otherwise provided in Sections 8(a) or 9 or pursuant to the Plan, the Vesting Schedule requires continued service through each applicable vesting date as a condition to the vesting of the applicable installment and rights and benefits under this Agreement. Partial service, even if substantial, during any vesting period will not entitle the Director to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of service as provided in Section 8 below or under the Plan.

5. **Dividend and Voting Rights**. After the Award Date, the Director shall be entitled to cash dividends and voting rights with respect to the shares of Restricted Stock subject to the Award even though such shares are not vested, provided that such rights shall terminate immediately as to any shares of Restricted Stock that cease to be eligible for vesting.

6. **Restrictions on Transfer**. Prior to the time they become vested, neither the shares of Restricted Stock comprising the Award, nor any other rights of the Director under this Agreement or the Plan may be transferred, except as expressly provided in Sections 1.8 and 4.1 of the Plan. No other exceptions have been authorized by the Committee.

7. **Stock Certificates**.

(a) **Book Entry Form; Information Statement; Power of Attorney**. The Corporation shall issue the shares of Restricted Stock subject to the Award in book entry form, registered in the name of the Director with notations regarding applicable restrictions on transfer. Concurrent with the execution and delivery of this Agreement, the Corporation shall deliver to the Director a written information statement with respect to such shares, and, to the extent requested, the Director shall deliver to the Corporation an executed stock power, in blank, with respect to such shares. The Director, by receipt of the Award, shall be deemed to appoint the Corporation and each of its authorized representatives as the Director’s attorney(s)-in-fact to effect any transfer of unvested forfeited shares (or shares otherwise reacquired by the Corporation hereunder) to the Corporation as may be required pursuant to the Plan or this Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

(b) **Certificates to be Held by Corporation; Legend**. Any certificates representing Restricted Stock that the Director may be entitled to receive from the Corporation prior to vesting shall be redelivered to the Corporation to be held by the Corporation until the restrictions on such shares shall have lapsed and the shares shall thereby have become vested or the shares represented thereby have been forfeited hereunder. Such certificates shall bear the following legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions contained in an Agreement entered into between the registered owner, The Macerich Partnership L.P. and The Macerich Company. A copy of such Agreement is on file in the office of the Secretary of The Macerich Company, 401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401."

(c) **Delivery of Certificates Upon Vesting**. Promptly after the lapse or other release of restrictions, a certificate or certificates evidencing the number of shares of Common Stock as to which the restrictions have lapsed or have been released shall be delivered to the Director or other person entitled under the Plan to receive the shares. The Director or such other person shall deliver to the Corporation any representations or other documents or assurances required pursuant to Section 6.4 of the Plan. The shares so delivered shall no longer be restricted shares hereunder. Pursuant to Section 1.7 of the Plan, fractional share interests shall be disregarded, but may be accumulated. The Committee, however, may determine that cash, securities or other property will be paid or transferred in lieu of fractional share interests.

8. **Effect of Termination of Service**.

(a) **Effect of Total Disability or Death**. If the Director's services as a member of the Board of Directors terminate due to his or her death or Total Disability, any portion of his or her Award that has not previously vested shall thereupon vest, subject to the provisions of Section 6.4 of the Plan.

(b) **Forfeiture after Certain Events**. Except as provided in Sections 8(a) and 9 hereof, the Director's shares of Restricted Stock shall be forfeited to the extent such shares have not become vested upon the date the Director's services as a member of the Board of Directors terminate for any reason other than due to his or her death or Total Disability.

(c) **Return of Shares**. Upon the occurrence of any forfeiture of shares of Restricted Stock hereunder, such unvested, forfeited shares shall, without payment of any consideration by the Corporation for such transfer, be automatically transferred to the Corporation, without any other action by the Director, or the Director's Beneficiary or Personal Representative, as the case may be. The Corporation may exercise its powers under Section 7(a) hereof and take any other action necessary or advisable to evidence such transfer. The Director, or the Director's Beneficiary or Personal Representative, as the case may be, and the Operating Partnership shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such unvested, forfeited shares to the Corporation.

9. **Effect of Change in Control Event.** Upon the occurrence of a Change in Control Event, the Award to the extent not previously vested shall thereupon vest, subject to the provisions of Sections 6.2(a), 6.2(e) and 6.4 of the Plan and Sections 11 and 12 of this Agreement.

10. **Adjustments Upon Specified Events**. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 6.2 of the Plan, the Committee shall make adjustments as it deems appropriate in the number and kind of securities

or other consideration that may become vested under an Award. If any adjustment shall be made under Section 6.2 of the Plan, the restrictions applicable to such shares of Restricted Stock shall continue in effect with respect to any consideration or other securities (the "Restricted Property" and, for the purposes of this Agreement, "Restricted Stock" shall include "Restricted Property," unless the context otherwise requires) received in respect of such Restricted Stock. Such Restricted Property shall vest at such times and in such proportion as the shares of Restricted Stock to which the Restricted Property is attributable vest, or would have vested pursuant to the terms hereof if such shares of Restricted Stock had remained outstanding. Notwithstanding the foregoing, to the extent that the Restricted Property includes any cash, the commitment hereunder shall become an unsecured promise to pay an amount equal to such cash (with earnings attributable thereto as if such amount had been invested, pursuant to policies established by the Committee, in interest bearing, FDIC-insured (subject to applicable insurance limits) deposits of a depository institution selected by the Committee) at such times and in such proportions as the Restricted Stock would have vested.

11. **Possible Early Termination of Award**. As permitted by Section 6.2(b) of the Plan, and without limiting the authority of the Committee under other provisions of Section 6.2 of the Plan or Section 8 of this Agreement, the Committee retains the right to terminate the Award, to the extent it has not vested, upon a dissolution of the Corporation or a reorganization event or transaction in which the Corporation does not survive (or does not survive as a public company in respect of its outstanding common stock).

12. **Limitations on Acceleration and Reduction in Benefits in Event of Tax Limitations**.

(a) **Limitation on Acceleration**. Notwithstanding anything contained herein or in the Plan or any other agreement to the contrary, in no event shall the vesting of any share of Restricted Stock be accelerated pursuant to Section 6.3 of the Plan or Section 9 hereof to the extent that the Company would be denied a federal income tax deduction for such vesting because of Section 280G of the Code and, in such circumstances, the restricted shares not subject to acceleration will continue to vest in accordance with and subject to the other provisions hereof.

(b) **Reduction in Benefits**. If the Director would be entitled to benefits, payments or coverage hereunder and under any other plan, program or agreement which would constitute "parachute payments," then notwithstanding any other provision hereof or of any other existing agreement to the contrary, the Director may by written notice to the Secretary of the Corporation designate the order in which such "parachute payments" shall be reduced or modified so that the Company is not denied federal income tax deductions for any "parachute payments" because of Section 280G of the Code.

(c) **Determination of Limitations**. The term "parachute payments" shall have the meaning set forth in and be determined in accordance with Section 280G of the Code and regulations issued thereunder. All determinations required by this Section 12, including without limitation the determination of whether any benefit, payment or coverage would constitute a parachute payment, the calculation of the value of any parachute payment and

the determination of the extent to which any parachute payment would be nondeductible for federal income tax purposes because of Section 280G of the Code, shall be made by an independent accounting firm (other than the Corporation's outside auditing firm) having nationally recognized expertise in such matters selected by the Committee. Any such determination by such accounting firm shall be binding on the Corporation, its Subsidiaries and the Director.

13. **Notices**. Any notice to be given under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal office located at 401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401, to the attention of the Corporate Secretary and to the Director at the address given beneath the Director's signature hereto, or at such other address as either party may hereafter designate in writing to the other.

14. **Plan**. The Award and all rights of the Director with respect thereto are subject to, and the Director agrees to be bound by, all of the terms and conditions of the provisions of the Plan, incorporated herein by reference, to the extent such provisions are applicable to Awards granted to Eligible Persons. The Director acknowledges receipt of a copy of the Plan, which is made a part hereof by this reference, and agrees to be bound by the terms thereof. Unless otherwise expressly provided in other Sections of this Agreement, provisions of the Plan that confer discretionary authority on the Committee do not (and shall not be deemed to) create any rights in the Director unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Committee specifically so conferred by appropriate action of the Committee under the Plan after the date hereof.

15. **No Service Commitment by Company**. Nothing contained in this Agreement or the Plan constitutes a service commitment by the Company, confers upon the Director any right to remain in service as a member of the Board of Director of the Company, interferes in any way with the right of the Company at any time to terminate such service as a member of the Board of Directors, or affects the right of the Company to increase or decrease the Director's other compensation or benefits. Service (including a substantial period of time) after the Award Date will not entitle the Director to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of service as provided in Section 3 or 8 above if the express conditions to vesting set forth in such Sections have not been satisfied.

16. **Limitation on Director's Rights**. This Award confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written. By the Director's execution of this Agreement, the Director agrees to the terms and conditions of this Agreement and of the Plan.

THE MACERICH COMPANY
(a Maryland corporation)

By: ____________________________________
Richard A. Bayer
Executive Vice President, General Counsel & Secretary

THE MACERICH PARTNERSHIP, L.P.
(a Delaware limited partnership)

By: The Macerich Company
(its general partner)

By: ____________________________________
Richard A. Bayer
Executive Vice President, General Counsel & Secretary

DIRECTOR

____
(Signature)

____
(Print Name)

____
(Address)

____
(City, State, Zip Code)

CONSENT OF SPOUSE

In consideration of the execution of the foregoing Restricted Stock Award Agreement by The Macerich Company and The Macerich Partnership L.P., I, ____________, the spouse of the Director therein named, do hereby join with my spouse in executing the foregoing Restricted

Stock Award Agreement and do hereby agree to be bound by all of the terms and provisions thereof and of the Plan.

Dated: , .

Signature of Spouse

IRREVOCABLE POWER OF ATTORNEY

(Coupled with an interest)

KNOW ALL MEN BY THESE PRESENTS, that I hereby constitute and appoint Thomas E. O'Hern and Richard A. Bayer and their respective successors in office as Chief Financial Officer and Secretary of The Macerich Company (the "Company"), my true and lawful attorneys-in-fact and agents, each acting alone, with full powers of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities, to sign any documents and to take any other action to effect the transfer and delivery of up to [ ] shares (the "Shares") of Common Stock of the Company issued in my name back to the Company in the event of any occurrence that requires the return to the Company of any or all of the Shares under the terms of the Company's 2003 Equity Incentive Plan (the "Plan") and the related Restricted Stock Award Agreement to me thereunder dated as of March 31, 2004 (the "Award"), each as amended from time to time. I further hereby grant unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying, confirming and approving all of the acts which said attorneys-in-fact and agents, each acting alone, or their respective substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

By this document I intend to create a power of attorney coupled with an interest in the Shares to be held by the Company pending satisfaction of conditions to vesting under the terms of the Award and the Plan for an indefinite period of time not less than 10 years. This power of attorney is a durable power of attorney and shall not be affected by my subsequent incapacity or disability or death. I understand that the Award and any continued benefits thereunder is subject to the condition that I grant and the Company or its agents hold an effective power of attorney to the effect set forth herein.

This power of attorney is irrevocable by me at any time prior to the vesting of all of the Shares in accordance with the terms of the Award and the release of all restrictions on the Shares thereunder.

Date Name:

Place

ASSIGNMENT SEPARATE FROM CERTIFICATE

For Value Received, hereby sells[s], assign[s] and transfer[s] unto The Macerich Company (the "Corporation") Shares of the Common Stock of the Corporation standing in his/her name on the books of the Corporation and do hereby irrevocably constitute and appoint Richard A. Bayer, attorney-in-fact, with full power of substitution to transfer said shares on the books of the Corporation.

Dated: , 20

Name:

THE MACERICH COMPANY

RESTRICTED STOCK AWARD
INFORMATION STATEMENT

General Information

This information statement has been provided to (the "Director") in connection with a Restricted Stock Award granted to the Participant by The Macerich Company, a Maryland corporation (the "Corporation"), pursuant to a Restricted Stock Award Agreement dated as of March 31, 2004 among the Director, the Corporation and The Macerich Partnership, L.P. (the "Award Agreement") under the Corporation's 2003 Equity Incentive Plan (the "Plan"). Capitalized terms used herein as not otherwise defined herein shall have the meanings assigned to them in the Agreement and the Plan.

Restricted Stock issued to the Director pursuant to the Award Agreement will be represented in book entry form. This information statement is provided to the Director pursuant to §2-210 of the Maryland General Corporation Law.

Award Summary

Director Name:	
Issuer Name:	The Macerich Company
Class of Security:	Common Stock, par value $.01 per share
Number of Securities:	[ ] shares

No Security

THIS STATEMENT IS MERELY A RECORD OF THE RIGHTS OF THE ADDRESSEE AS OF THE TIME OF ITS ISSUANCE. DELIVERY OF THIS STATEMENT, OF ITSELF, DOES NOT CONFER ANY RIGHTS UPON THE RECIPIENT. THE STATEMENT IS NEITHER A NEGOTIABLE INSTRUMENT NOR A SECURITY.

Availability of Further Information Concerning the Capital Stock of the Corporation

The Corporation is authorized to issue three classes of capital stock which are designated as Common Stock, Preferred Stock and Excess Stock. The Corporation will furnish to any stockholder on request and without charge a full statement of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of the stock of each class which the Corporation is authorized to issue, and the differences in the relative rights and preferences between the shares of each series to the extent they have been set, and the authority of the Board of Directors to set the relative rights and preferences of subsequent series. Such request may be made to the Secretary of the Corporation or to its transfer agent.

Restrictions on Transfer

The transferability of Restricted Stock is subject to the terms and conditions contained in the Award Agreement and the Plan. A copy of the Award Agreement is on file in the office of the Secretary of the Corporation.

The securities represented by this certificate are also subject to restrictions on ownership and transfer for the purpose of the Corporation's maintenance of its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). Except as otherwise provided pursuant to the charter of the Corporation, no Person may (1) Beneficially Own shares of Equity Stock in excess of 5.0% (or such greater percentage as may be provided in the charter of the Corporation) of the number or value of the outstanding Equity Stock of the Corporation (unless such Person is an Excluded Participant), or (2) Beneficially Own Equity Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code (determined without regard to Code Section 856(h)(2) and by deleting the words "the last half of" in the first sentence of Code Section 542(a)(2) in applying Code Section 856(h)), or (3) Beneficially Own Equity Stock that would result in Common Stock and Preferred Stock being beneficially owned by fewer than 100 Persons (determined without reference to any rules of attribution). Any Person who attempts to Beneficially Own shares of Equity Stock in excess of the above limitations must immediately notify the Corporation. All capitalized terms in this paragraph have the meanings defined in the Corporation's charter, as the same may be further amended from time to time, a copy of which, including the restrictions on ownership or transfer, will be sent without charge to each stockholder who so requests. Transfers or other events in violation of the restrictions described above shall be null and void *ab initio*, and the purported transferee or purported owner shall acquire or retain no rights to, or economic interest in, any Equity Stock held in violation of these restrictions. The Corporation may redeem such shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that a Transfer or other event would violate the restrictions described above. In addition, if the restrictions on ownership or transfer are violated, the shares of Equity Stock represented hereby shall be automatically exchanged for shares of Excess Stock which will be held in trust for the benefit of a Beneficiary. Excess Stock may not be transferred at a profit. The Corporation has an option to acquire Excess Stock under certain circumstances. The foregoing restrictions may also delay, defer or prevent a change of control of the Corporation or other transaction which could be in the best interests of stockholders.

The Corporation will furnish information about all of the restrictions on transferability of these securities to the stockholder, on request and without charge.

THE MACERICH COMPANY (The Company)

SECTION 302 CERTIFICATION

I, Arthur M. Coppola, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 31, 2004 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 7, 2004

/s/ Arthur M. Coppola
[Signature]

President and Chief Executive Officer
[Title]

Exhibit 31.2

THE MACERICH COMPANY (The Company)

SECTION 302 CERTIFICATION

I, Thomas E. O'Hern, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 31, 2004 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2004

/s/ Thomas E. O'Hern
[Signature]

Executive Vice President and Chief Financial Officer
[Title]

Exhibit 32.1

THE MACERICH COMPANY (The Company)

WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350

The undersigned, Arthur M. Coppola and Thomas E. O'Hern, the Chief Executive Officer and Chief Financial Officer, respectively, of The Macerich Company (the "Company"), pursuant to 18 U.S.C. §1350, hereby certify that:

(i) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2004

/s/ Arthur Coppola
[Signature]

President and Chief Executive Officer
[Title]

/s/ Thomas E. O'Hern
[Signature]

Executive Vice President and Chief Financial Officer
[Title]