THE MACERICH COMPANY (The Company)

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 SEPTEMBER 30, 2001 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, CA 90401

(Address of principal executive office) (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)

Number of shares outstanding of the registrant's common stock, as of November 9, 2001.

Common stock, par value $.01 per share: 33,906,001 shares

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 X NO

Form 10-Q

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THE MACERICH COMPANY (The Company)

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

	September 30, 2001	December 31, 2000
ASSETS:		
Property, net	$1,934,233	$1,933,584
Cash and cash equivalents	27,882	36,273
Tenant receivables, including accrued overage rents of $1,780 in 2001 and $6,486 in 2000	35,988	38,922
Deferred charges and other assets, net	57,831	55,323
Investments in joint ventures and the Management Companies	276,087	273,140
Total assets	$2,332,021	$2,337,242
LIABILITIES, PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$82,285	$133,063
Others	1,201,802	1,119,684
Total	1,284,087	1,252,747
Bank notes payable	154,000	147,340
Convertible debentures	150,848	150,848
Accounts payable and accrued expenses	27,864	24,681
Due to affiliates	907	8,800
Other accrued liabilities	24,799	17,887
Preferred stock dividend payable	4,549	4,831
Total liabilities	1,647,054	1,607,134
Minority interest in Operating Partnership	108,098	120,500
Commitments and contingencies (Note 9)		
Series A cumulative convertible redeemable preferred stock, $.01 par value, 3,627,131 shares authorized, issued and outstanding at September 30, 2001 and December 31, 2000	98,934	98,934
Series B cumulative convertible redeemable preferred stock, $.01 par value, 5,487,471 shares authorized, issued and outstanding at September 30, 2001 and December 31, 2000	148,402	148,402
	247,336	247,336
Common stockholders' equity:		
Common stock, $.01 par value, 100,000,000 shares authorized, 33,904,642 and 33,612,462 shares issued and outstanding at September 30, 2001 and December 31, 2000, respectively	338	338
Additional paid in capital	343,838	359,306
Accumulated earnings	-	10,314
Accumulated other comprehensive loss	(6,155)	-
Unamortized restricted stock	(8,488)	(7,686)
Total common stockholders' equity	329,533	362,272
Total liabilities, preferred stock and common stockholders' equity	$2,332,021	$2,337,242

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)
(Unaudited)

	Nine Months Ended September 30,	
	2001	2000
REVENUES:		
Minimum rents	$148,209	$142,920
Percentage rents	5,380	5,156
Tenant recoveries	79,867	74,329
Other	7,885	6,091
Total revenues	241,341	228,496
EXPENSES:		
Shopping center expenses	80,606	73,231
General and administrative expense	4,478	4,032
Interest expense:		
Related parties	5,450	7,569
Others	77,592	74,492
Total interest expense	83,042	82,061
Depreciation and amortization	49,092	44,632
Equity in income of unconsolidated joint ventures and the management companies	20,891	20,461
Loss on sale of assets	(295)	(1,297)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	44,719	43,704
Extraordinary loss on early extinguishment of debt	(187)	(984)
Cumulative effect of change in accounting principle	-	(963)
Income of the Operating Partnership	44,532	41,757
Less minority interest in net income of the Operating Partnership	7,342	6,722
Net income	37,190	35,035
Less preferred dividends	14,675	13,945
Net income available to common stockholders	$22,515	$21,090
Earnings per common share - basic:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.68	$0.68
Extraordinary item	(0.01)	(0.03)
Cumulative effect of change in accounting principle	-	(0.03)
Net income per share available to common stockholders	$0.67	$0.62
Weighted average number of common shares outstanding - basic	33,761,000	34,134,000
Weighted average number of common shares outstanding - basic, assuming full conversion of operating partnership units outstanding	44,915,000	45,084,000
Earnings per common share - diluted:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.67	$0.66
Extraordinary item	-	(0.02)
Cumulative effect of change in accounting principle	-	(0.02)
Net income per share - available to common stockholders	$0.67	$0.62
Weighted average number of common shares outstanding - diluted for EPS	44,915,000	45,084,000

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)
(Unaudited)

	Three Months Ended September 30, 2001	2000
REVENUES:		
Minimum rents	$49,991	$47,839
Percentage rents	2,392	2,154
Tenant recoveries	27,701	24,891
Other	2,803	2,053
Total revenues	82,887	76,937
EXPENSES:		
Shopping center expenses	28,629	25,122
General and administrative expense	963	851
Interest expense:		
Related parties	1,491	2,527
Others	26,059	24,435
Total interest expense	27,550	26,962
Depreciation and amortization	16,601	15,064
Equity in income of unconsolidated joint ventures and the management companies	8,209	7,353
Loss on sale of assets	(107)	(1,189)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	17,246	15,102
Extraordinary loss on early extinguishment of debt	-	(984)
Income of the Operating Partnership	17,246	14,118
Less minority interest in net income of the Operating Partnership	2,965	2,301
Net income	14,281	11,817
Less preferred dividends	5,013	4,648
Net income available to common stockholders	$9,268	$7,169
Earnings per common share - basic:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.27	$0.24
Extraordinary Item	-	(0.03)
Net income per share available to common stockholders	$0.27	$0.21
Weighted average number of common shares outstanding - basic	33,879,000	34,162,000
Weighted average number of common shares outstanding - basic, assuming full conversion of operating partnership units outstanding	45,032,000	45,107,000
Earnings per common share - diluted:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.27	$0.23
Extraordinary Item	-	(0.02)
Net income per share - available to common stockholders	$0.27	$0.21
Weighted average number of common shares outstanding - diluted for EPS	45,032,000	45,107,000

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

THE MACERICH COMPANY (The Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	For the nine months ended September 30, 2001	2000
Cash flows from operating activities:		
Net income - available to common stockholders	$22,515	$21,090
Preferred dividends	14,675	13,945
Net income	37,190	35,035
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary loss on early extinguishment of debt	187	984
Cumulative effect of change in accounting principle	-	963
Loss on sale of assets	295	1,297
Depreciation and amortization	49,092	44,632
Amortization of net discount (premium) on trust deed note payable	25	25
Minority interest in net income of the Operating Partnership	7,342	6,722
Changes in assets and liabilities:		
Tenant receivables, net	2,934	5,482
Other assets	486	(1,185)
Accounts payable and accrued expenses	3,183	(54)
Due to affiliates	(7,893)	(4,445)
Preferred stock dividend payable	(282)	-
Other liabilities	6,912	(3,455)
Total adjustments	62,281	50,966
Net cash provided by operating activities	99,471	86,001
Cash flows from investing activities:		
Acquisitions of property, equipment and improvements	(11,159)	(3,134)
Renovations and expansions of Centers	(25,595)	(25,093)
Tenant allowances	(7,762)	(3,307)
Deferred charges	(10,501)	(8,239)
Equity in income of unconsolidated joint ventures and the Management Companies	(20,891)	(20,461)
Distributions from joint ventures	21,990	97,909
Contributions to joint ventures	(4,046)	(3,197)
Net cash (used in) provided by investing activities	(57,964)	34,478
Cash flows from financing activities:		
Proceeds from mortgages, notes and debentures payable	223,164	162,055
Payments on mortgages, notes and debentures payable	(185,189)	(205,097)
Dividends and distributions	(73,198)	(68,148)
Dividends to preferred stockholders	(14,675)	(13,945)
Net cash used in financing activities	(49,898)	(125,135)
Net decrease in cash	(8,391)	(4,656)
Cash and cash equivalents, beginning of period	36,273	40,455
Cash and cash equivalents, end of period	$27,882	$35,799
Supplemental cash flow information:		
Cash payment for interest, net of amounts capitalized	$80,592	$79,212

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

NOTES TO CONDENSED AND 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 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, 2000. 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, 2000 has been derived from the audited financial statements, but does not include all disclosures required by GAAP.

Certain reclassifications have been made in the 2000 consolidated financial statements to conform to the 2001 financial statement presentation.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which became effective for periods beginning after December 15, 1999. This bulletin modified the timing of revenue recognition for percentage rent received from tenants. This change defers recognition of a significant amount of percentage rent for the first three calendar quarters into the fourth quarter. The Company applied this accounting change as of January 1, 2000. The cumulative effect of this change in accounting principle, at the adoption date of January 1, 2000, including the pro rata share of joint ventures, was approximately $1,750.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133") which requires companies to record derivatives on the balance sheet, measured at fair value. Changes in the fair values of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. In June 1999, the FASB issued SFAS 137, "Accounting for Derivative Instruments and Hedging Activities," which delayed the implementation of SFAS 133 from January 1, 2000 to January 1, 2001. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133," ("SFAS138"), which amended the accounting and reporting standards of SFAS 133. As a result of the adoption of SFAS 133 on January 1, 2001, the Company recorded a transition adjustment of $9,445 to accumulated other comprehensive income related to treasury rate lock transactions settled in prior years. The entire transition adjustment was reflected in the quarter ended March 31, 2001. The transition adjustment of $9,445, less minority interest of $2,297 and amortization of $993 for the nine months ended September 30, 2001, is subtracted from net income to arrive at comprehensive income of $31,035. The Company expects that $1,328 will

1. Interim Financial Statements and Basis of Presentation - Continued:

be reclassified from accumulated other comprehensive income to earnings for the year ended December 31, 2001. During the quarter ended September 30, 2001, the Company reclassified $334 from accumulated other comprehensive income to earnings.

In October 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121") and related literature establishes a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale. The Company is required to adopt SFAS 144 no later than January 1, 2002. The Company does not believe that the adoption of SFAS 144 will have a material impact on its consolidated financial statements.

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

1. Interim Financial Statements and Basis of Presentation - Continued:

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 nine and three months ending September 30, 2001 and 2000. The computation of diluted earnings per share does not include the effect of outstanding restricted stock and common stock options 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. The following table reconciles the basic and diluted earnings per share calculation:

	For the Nine Months Ended September 30,					
	2001			2000		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share
	(In thousands, except per share data)					
Net income	$37,190			$35,035		
Less: Preferred stock dividends	14,675			13,945		
Basic EPS:						
Net income - available to common stockholders	22,515	33,761	$0.67	21,090	34,134	$0.62
Diluted EPS:						
Effect of dilutive securities:						
Conversion of OP units	7,342	11,154		6,722	10,950	
Employee stock options and 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		
Convertible debentures	n/a - antidilutive for EPS			n/a - antidilutive for EPS		
Net income - available to common stockholders	$29,857	44,915	$0.67	$27,812	45,084	$0.62

	For the Three Months Ended September 30,					
	2001			2000		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share
	(In thousands, except per share data)					
Net income	$14,281			$11,817		
Less: Preferred stock dividends	5,013			4,648		
Basic EPS:						
Net income - available to common stockholders	9,268	33,879	$0.27	7,169	34,162	$0.21
Diluted EPS:						
Effect of dilutive securities:						
Conversion of OP units	2,965	11,153		2,301	10,945	
Employee stock options and 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		
Convertible debentures	n/a - antidilutive for EPS			n/a - antidilutive for EPS		
Net income - available to common stockholders	$12,233	45,032	$0.27	$9,470	45,107	$0.21

(Dollars in thousands)

2. Organization:

The Company is involved in the acquisition, ownership, 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 a majority of the ownership interests in, The Macerich Partnership, L.P., a Delaware limited partnership (the "Operating Partnership"). The Operating Partnership owns or has an ownership interest in 46 regional shopping centers and five community shopping centers aggregating approximately 42 million square feet of gross leasable area ("GLA"). These 51 regional and community shopping centers 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 three management companies, Macerich Property Management Company, LLC, a Delaware limited liability company, Macerich Manhattan Management Company, a California corporation, and Macerich Management Company, a California corporation (collectively, the "Management Companies"). The term "Management Companies" includes Macerich Property Management Company prior to the merger with Macerich Property Management Company, LLC on March 29, 2001.

The Company was organized to qualify as a REIT under the Internal Revenue Code of 1986, as amended. The 21%, as of September 30, 2001, 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 Management Companies:

The following are the Company's investments in various joint ventures. The Operating Partnership's interest in each joint venture as of September 30, 2001 is as follows:

Joint Venture	The Operating Partnership's Ownership %
Macerich Northwestern Associates	50%
Manhattan Village, LLC	10%
MerchantWired, LLC	9.5%
Pacific Premier Retail Trust	51%
Panorama City Associates	50%
SDG Macerich Properties, L.P.	50%
West Acres Development	19%

As of March 28, 2001, the Operating Partnership also owned all of the non-voting preferred stock of Macerich Property Management Company and Macerich Management Company, which is generally entitled to dividends equal to 95% of the net cash flow of each company. Macerich Manhattan Management Company is a wholly owned subsidiary of Macerich Management Company. Effective March 29, 2001, Macerich Property Management Company merged with and into Macerich Property Management Company, LLC ("MPMC, LLC"). MPMC, LLC is a single-member Delaware limited liability company and is 100% owned by the Operating Partnership. The ownership structure of Macerich Management Company has remained unchanged.

(Dollars in thousands)

3. Investments in Unconsolidated Joint Ventures and the Management Companies, Continued:

The Company accounts for the Management Companies (exclusive of MPMC, LLC), and joint ventures using the equity method of accounting. Effective March 29, 2001, the Company consolidated the accounts for MPMC, LLC.

On September 30, 2000, Manhattan Village, a 551,847 square foot regional shopping center, 10% of which was owned by the Operating Partnership, was sold. The joint venture sold the property for $89,000, including a note receivable from the buyer for $79,000 at an interest rate of 8.75% payable monthly, with an original maturity date of September 30, 2001. The buyer is currently negotiating to extend the maturity date. A gain from sale of the property for $10,945 was recorded at September 30, 2000.

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

COMBINED AND CONDENSED BALANCE SHEETS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	September 30, 2001	December 31, 2000
Assets:		
Properties, net	$2,183,890	$2,064,777
Other assets	172,884	155,919
Total assets	$2,356,774	$2,220,696
Liabilities and partners' capital:		
Mortgage notes payable	$1,461,622	$1,461,857
Other liabilities	149,029	51,791
The Company's capital	276,087	273,140
Outside partners' capital	470,036	433,908
Total liabilities and partners' capital	$2,356,774	$2,220,696

THE MACERICH COMPANY (The Company)

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

3. Investments in Unconsolidated Joint Ventures and the Management Companies - Continued:

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES
AND THE MANAGEMENT COMPANIES

	Nine Months Ended September 30, 2001				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$68,415	$74,460	$15,135	-	$158,010
Percentage rents	2,805	2,373	1,077	-	6,255
Tenant recoveries	32,033	27,167	7,425	-	66,625
Management fee	-	-	-	$7,656	7,656
Other	1,957	1,225	11,203	-	14,385
Total revenues	105,210	105,225	34,840	7,656	252,931
Expenses:					
Shopping center expenses	38,810	30,145	29,302	-	98,257
Interest expense	28,666	37,173	6,204	(95)	71,948
Management Company expense	-	-	-	7,636	7,636
Depreciation and amortization	18,848	17,167	5,063	783	41,861
Total operating expenses	86,324	84,485	40,569	8,324	219,702
Gain on sale of assets	-	72	675	45	792
Net income (loss)	$18,886	$20,812	($5,054)	($623)	$34,021

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES
AND THE MANAGEMENT COMPANIES

	Nine Months Ended September 30, 2000				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$66,190	$69,645	$19,473	-	$155,308
Percentage rents	2,781	2,109	1,257	-	6,147
Tenant recoveries	30,633	24,097	7,993	-	62,723
Management fee	-	-	-	$9,160	9,160
Other	1,554	1,087	2,119	603	5,363
Total revenues	101,158	96,938	30,842	9,763	238,701
Expenses:					
Shopping center expenses	37,733	26,602	12,153	-	76,488
Interest expense	28,846	34,287	5,602	(240)	68,495
Management Company expense	-	-	-	10,651	10,651
Depreciation and amortization	17,523	15,011	2,284	806	35,624
Total operating expenses	84,102	75,900	20,039	11,217	191,258
Gain (loss) on sale of assets	(3)	-	11,586	(475)	11,108
Cumulative effect of change in accounting principle	(1,053)	(397)	(98)	(9)	(1,557)
Net income (loss)	$16,000	$20,641	$22,291	($1,938)	$56,994

THE MACERICH COMPANY (The Company)

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

3. Investments in Unconsolidated Joint Ventures and the Management Companies, Continued:

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES
AND THE MANAGEMENT COMPANIES

	Three Months Ended September 30, 2001				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$23,053	$25,710	$5,178	-	$53,941
Percentage rents	718	951	499	-	2,168
Tenant recoveries	10,747	9,576	2,842	-	23,165
Management fee	-	-	-	$2,254	2,254
Other	659	334	3,653	-	4,646
Total revenues	35,177	36,571	12,172	2,254	86,174
Expenses:					
Shopping center expenses	12,763	10,798	11,109	-	34,670
Interest expense	8,926	12,387	2,352	(28)	23,637
Management Company expense	-	-	-	1,712	1,712
Depreciation and amortization	6,409	5,954	1,746	250	14,359
Total operating expenses	28,098	29,139	15,207	1,934	74,378
Gain on sale of assets	12	-	416	45	473
Net income (loss)	$7,091	$7,432	($2,619)	$365	$12,269

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES
AND THE MANAGEMENT COMPANIES

	Three Months Ended September 30, 2000				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$22,147	$23,569	$6,448	-	$52,164
Percentage rents	637	861	449	-	1,947
Tenant recoveries	10,638	8,166	3,474	-	22,278
Management fee	-	-	-	$2,660	2,660
Other	503	496	1,415	412	2,826
Total revenues	33,925	33,092	11,786	3,072	81,875
Expenses:					
Shopping center expenses	12,425	9,315	6,674	-	28,414
Interest expense	10,901	12,063	1,870	(79)	24,755
Management Company expense	-	-	-	2,745	2,745
Depreciation and amortization	6,289	5,439	818	300	12,846
Total operating expenses	29,615	26,817	9,362	2,966	68,760
(Loss) gain on sale of assets	(3)	-	11,526	(28)	11,495
Net income	$4,307	$6,275	$13,950	$78	$24,610

(Dollars in thousands)

3. Investments in Unconsolidated Joint Ventures and the Management Companies - Continued:

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

Included in mortgage notes payable are amounts due to affiliates of Northwestern Mutual Life ("NML") of $158,634 and $161,281 for the periods ended September 30, 2001 and December 31, 2000, 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 $8,077 and $7,306 for the nine months ended September 30, 2001 and 2000, respectively; and $2,710 and $2,661 for the three months ended September 30, 2001 and 2000, respectively.

4. Property:

Property is summarized as follows:

	September 30, 2001	December 31, 2000
Land	$397,926	$397,947
Building improvements	1,729,170	1,716,860
Tenant improvements	65,957	56,723
Equipment and furnishings	17,866	12,259
Construction in progress	60,258	44,679
	2,271,177	2,228,468
Less, accumulated depreciation	(336,944)	(294,884)
	$1,934,233	$1,933,584

THE MACERICH COMPANY (The Company)

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

5. Mortgage Notes Payable:

Mortgage notes payable at September 30, 2001 and December 31, 2000 consist of the following:

	Carrying Amount of Notes						
	2001		2000				
Property Pledged As Collateral	Other	Related Party	Other	Related Party	Interest Rate	Payment Terms	Maturity Date
Wholly Owned Centers:							
Capitola Mall (b)	----	$48,143	----	$36,587	7.13%	380 (a)	2011
Carmel Plaza	$28,429	----	$28,626	----	8.18%	202 (a)	2009
Chesterfield Towne Center	62,960	----	63,587	----	9.07%	548(c)	2024
Citadel	71,063	----	72,091	----	7.20%	554(a)	2008
Corte Madera, Village at	70,803	----	71,313	----	7.75%	516(a)	2009
Crossroads Mall-Boulder (d)	----	34,142	----	34,476	7.08%	244(a)	2010
Fresno Fashion Fair	68,900	----	69,000	----	6.52%	437(a)	2008
Greeley Mall	14,601	----	15,328	----	8.50%	187(a)	2003
Green Tree Mall/Crossroads - OK/ Salisbury (e)	117,714	----	117,714	----	7.23%	interest only	2004
Holiday Village	----	----	----	17,000	6.75%	interest only	(f)
Northgate Mall	----	----	----	25,000	6.75%	interest only	(f)
Northwest Arkansas Mall	60,160	----	61,011	----	7.33%	434(a)	2009
Pacific View (g)	88,929	----	----	----	7.16%	602(a)	2011
Parklane Mall	----	----	----	20,000	6.75%	interest only	(f)
Queens Center	98,544	----	99,300	----	6.88%	633(a)	2009
Rimrock Mall (h)	29,363	----	29,845	----	7.70%	244(a)	2003
Santa Monica Place (i)	84,450	----	84,939	----	7.70%	606(a)	2010
South Plains Mall	63,632	----	64,077	----	8.22%	454(a)	2009
South Towne Center	64,000	----	64,000	----	6.61%	interest only	2008
Valley View Center	51,000	----	51,000	----	7.89%	interest only	2006
Villa Marina Marketplace	58,000	----	58,000	----	7.23%	interest only	2006
Vintage Faire Mall (j)	69,402	----	69,853	----	7.89%	508(a)	2010
Westside Pavilion	99,852	----	100,000	----	6.67%	interest only	2008
Total - Wholly Owned Centers	$1,201,802	$82,285	$1,119,684	$133,063			

THE MACERICH COMPANY (The Company)

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

5. Mortgage Notes Payable, Continued:

Mortgage notes payable at September 30, 2001 and December 31, 2000 consist of the following:

	Carrying Amount of Notes						
	2001		2000				
Property Pledged As Collateral	Other	Related Party	Other	Related Party	Interest Rate	Payment Terms	Maturity Date
Joint Venture Centers (at pro rata share):							
Broadway Plaza (50%) (k)	----	$35,510	----	$36,032	6.68%	257 (a)	2008
Pacific Premier Retail Trust(51%)(k):							
Cascade Mall	$12,803	----	$13,261	----	6.50%	122 (a)	2014
Kitsap Mall/Kitsap Place (l)	31,110	----	31,110	----	8.06%	230 (a)	2010
Lakewood Mall (m)	64,770		64,770	----	7.20%	interest only	2005
Lakewood Mall (n)	8,224	----	8,224	----	5.57%	interest only	2002
Los Cerritos Center	59,587		60,174	----	7.13%	421(a)	2006
North Point Plaza	1,766	----	1,821	----	6.50%	16 (a)	2015
Redmond Town Center - Retail	31,722	----	32,176	----	6.50%	224 (a)	2011
Redmond Town Center - Office (o)	----	44,683	----	45,500	6.77%	370 (a)	2009
Stonewood Mall (p)	39,653		39,653	----	7.41%	275 (a)	2010
Washington Square	58,621	----	59,441	----	6.70%	421 (a)	2009
Washington Square Too	6,147	----	6,318	----	6.50%	53 (a)	2016
SDG Macerich Properties L.P. (50%) (k)	185,639	----	186,607	----	6.55% (q)	1,120 (a)	2006
SDG Macerich Properties L.P. (50%) (k)	92,250	----	92,250	----	4.01% (q)	interest only	2003
SDG Macerich Properties L.P. (50%) (k)	40,700	----	40,700	----	3.92% (q)	interest only	2006
West Acres Center (19%) (k)	7,474	----	7,600	----	6.52%	299 (a)	2009
West Acres Center (19%) (k)(r)	1,900	----	----	----	9.17%	18(a)	2009
Total - Joint Venture Centers	$642,366	$80,193	$644,105	$81,532			
Total - All Centers	$1,844,168	$162,478	$1,763,789	$214,595			

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

(b) On May 2, 2001, the Company refinanced the debt on Capitola Mall. The prior loan was paid in full and a new note was issued for $48,500 bearing interest at a fixed rate of 7.13% and maturing May 15, 2011.

(c) 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 $396 and $119 for the nine and three months ended September 30, 2001, respectively; and $250 and $14 for the nine and three months ended September 30, 2000, respectively.

(d) This note was issued at a discount. The discount is being amortized over the life of the loan using the effective interest method. At September 30, 2001 and December 31, 2000, the unamortized discount was $306 and $331, respectively.

5. Mortgage Notes Payable, Continued:

(e) This loan is cross collateralized by Green Tree Mall, Crossroads Mall-Oklahoma and the Centre at Salisbury.

(f) These loans were paid off in full on March 31, 2001.

(g) This loan was issued on July 10, 2001 for $89,000, and may be increased up to $96,000 subject to certain conditions.

(h) On October 9, 2001, the Company refinanced the debt on Rimrock Mall. The prior loan was paid in full and a new note was issued for $46,000 bearing interest at a fixed rate of 7.45% and maturing October 1, 2011. The Company incurred a loss on early extinguishment of the prior debt in October 2001 of $1,702.

(i) On October 2, 2000, the Company refinanced this loan with a 10 year fixed rate $85,000 loan bearing interest at 7.70%. The prior loan bore interest at LIBOR plus 1.75%.

(j) On August 31, 2000, the Company refinanced the debt on Vintage Faire Mall. The prior loan was paid in full and a new note was issued for $70,000 bearing interest at a fixed rate of 7.89% and maturing September 1, 2010. The Company incurred a loss on early extinguishment of the prior debt in 2000 of $984.

(k) Reflects the Company's pro rata share of debt.

(l) In connection with the acquisition of this Center, the joint venture assumed $39,425 of debt. At acquisition, this debt was recorded at its fair value of $41,475 which included an unamortized premium of $2,050. This premium was being amortized as interest expense over the life of the loan using the effective interest method. The joint venture's monthly debt service was $349 and was calculated based on an 8.60% interest rate. On June 1, 2000, the joint venture paid off in full the prior debt and a new note was issued for $61,000 bearing interest at a fixed rate of 8.06% and maturing June 2010. The new loan is interest only until December 31, 2001. Effective January 1, 2002, monthly principal and interest of $450 will be payable through maturity. The new debt is cross-collateralized by Kitsap Mall and Kitsap Place.

(m) 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 September 30, 2001 and at December 31, 2000.

(n) 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 2002. At September 30, 2001 and December 31, 2000, the total interest was 5.57% and 9.0%, respectively.

5. Mortgage Notes Payable, Continued:

(o) Concurrent with this acquisition, the joint venture placed a $76,700 mortgage and a $16,000 mortgage on the property.

(p) On December 1, 2000, the joint venture refinanced the debt on Stonewood Mall. The prior loan was paid in full and a new note was issued for $77,750 bearing interest at a fixed rate of 7.41% and maturing December 11, 2010. The joint venture incurred a loss on early extinguishment of the prior debt in 2000 of $375.

(q) In connection with the acquisition of these Centers, the joint venture assumed $485,000 of mortgage notes payable which are secured 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 September 30, 2001 and December 31, 2000, the unamortized balance of the debt premium was $14,178 and $16,113, respectively. This debt is due in May 2006 and requires monthly payments of $1,852. $184,500 of this debt is due in May 2003 and requires monthly interest payments at a variable weighted average rate (based on LIBOR) of 4.01% and 7.21% at September 30, 2001 and December 31, 2000, respectively. This variable rate debt is covered by an interest rate cap agreement which effectively prevents the interest rate from exceeding 11.53%. On April 12, 2000, the joint venture issued $138,500 of additional mortgage notes which are secured 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 3.92% and 7.08% at September 30, 2001 and December 31, 2000, respectively. This variable rate debt is covered by an interest rate cap agreement which effectively prevents the interest rate from exceeding 11.83%.

(r) On September 27, 2001, the joint venture placed a $10,000 loan on the property bearing interest at a fixed rate of 9.17% maturing December 1, 2009.

The Company periodically enters into treasury lock agreements in order to hedge its exposure to interest rate fluctuations on anticipated financings. Under these agreements, the Company pays or receives an amount equal to the difference between the treasury lock rate and the market rate on the date of settlement, based on the notional amount of the hedge. The realized gain or loss on the contracts was recorded, prior to January 1, 2001, on the balance sheet in other assets and amortized as interest expense over the period of the hedged loans. As of January 1, 2001, in accordance with SFAS 133, the gain or loss on the contracts has been reclassified to accumulated other comprehensive income on the balance sheet. As of September 30, 2001, no treasury lock agreements were outstanding.

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

5. Mortgage Notes Payable, Continued:

Total interest capitalized, including the prorata share of joint ventures, during the nine and three months ended September 30, 2001, was $3,903 and $1,340, respectively; and total interest capitalized during the nine and three months ended September 30, 2000 was $5,492 and $2,081, respectively.

The fair value of mortgage notes payable, including the pro rata share of joint ventures, at September 30, 2001 and December 31, 2000 is estimated to be approximately $2,119,320 and $2,009,932, respectively, based on current interest rates for comparable loans.

6. Bank and Other Notes Payable:

The Company has a credit facility of $200,000 with a maturity of May 2002. The interest rate on such credit facility fluctuates between 1.35% and 1.80% over LIBOR depending on leverage levels. As of September 30, 2001 and December 31, 2000, $154,000 and $59,000 of borrowings were outstanding under this line of credit at interest rates of 5.0% and 7.90%, respectively.

Additionally, the Company issued $10,776 in letters of credit guaranteeing performance by the Company of certain obligations. The Company does not believe that these letters of credit will result in a liability to the Company.

During January 1999, the Company entered into a bank construction loan agreement to fund $89,250 of costs related to the redevelopment of Pacific View. The loan bore interest at LIBOR plus 2.25% through 2000. In January 2001, the interest rate was reduced to LIBOR plus 1.75% and the loan was scheduled to mature in February 2002. Principal was drawn as construction costs were incurred. As of December 31, 2000, $88,340 of principal had been drawn under the loan at an interest rate of 8.63%. On July 10, 2001, the Company paid off this loan in full and a permanent loan was issued for $89,000, which may be increased up to $96,000 subject to certain conditions, bearing interest at a fixed rate of 7.16% and maturing August 31, 2011.

7. Convertible Debentures:

During 1997, the Company issued and sold $161,400 of convertible subordinated debentures (the "Debentures") due 2002. The Debentures, which were sold at par, bear interest at 7.25% annually (payable semi-annually) and are convertible into common stock at any time, on or after 60 days, from the date of issue at a conversion price of $31.125 per share. In November and December 2000, the Company purchased and retired $10,552 of the Debentures. The Company recorded a gain on early extinguishment of debt of $1,018 related to the transaction. The Debentures mature on December 15, 2002 and are callable by the Company after June 15, 2002 at par plus accrued interest.

8. Related-Party Transactions:

The Company engaged the Management Companies to manage the operations of its properties and certain unconsolidated joint ventures. For the nine and three months ending September 30, 2001, management fees of $757 and $0, respectively; and for the nine and three months ending September 30, 2000, management fees of $2,201 and $764, respectively, were incurred to the Management Companies by the Company. For the nine and three months ending September 30, 2001, management fees of $5,463 and $1,902 respectively; and for the nine and three months ending September 30, 2000, management fees of $5,049 and $1,600, respectively, were incurred to the 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 $5,450 and $1,491 for the nine and three months ended September 30, 2001, respectively; and $7,569 and $2,527 for the nine and three months ended September 30, 2000, respectively. Included in accounts payable and accrued expenses is interest payable to these partners of $248 and $512 at September 30, 2001 and December 31, 2000, respectively.

In 1997 and 1999 certain executive officers received loans from the Company totaling $6,500. These loans are full recourse to the executives. $6,000 of the loans were issued under the terms of the employee stock incentive plan, bear interest at 7%, are due in 2007 and 2009 and are secured by Company common stock owned by the executives. On February 9, 2000, $300 of the $6,000 of loans was forgiven with respect to three of these officers and charged to compensation expense. The $500 loan issued in 1997 is non interest bearing and is forgiven ratably over a five year term. These loans receivable are included in other assets at September 30, 2001 and December 31, 2000.

Certain Company officers and affiliates have guaranteed mortgages of $21,750 at one of the Company's joint venture properties and $2,000 at Greeley Mall.

9. Commitments and Contingencies:

The Company has certain properties subject to noncancellable operating ground leases. The leases expire at various times through 2070, 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 $161 and $75 for the nine and three months ended September 30, 2001, respectively. Ground rent expenses, net of amounts capitalized, were $255 and $85 for the nine and three months ended September 30, 2000, respectively. There were no contingent rents incurred in either periods.

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

9. Commitments and Contingencies, Continued:

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 $42 and $45 have already been incurred by the joint venture for remediation, professional and legal fees for the periods ending September 30, 2001 and 2000, respectively. An additional $214 remains reserved by the joint venture as of September 30, 2001, which management has estimated as its remaining obligation for the remediation. The joint venture has been sharing costs with former owners of the property.

The Company acquired Fresno Fashion Fair in December 1996. Asbestos has been 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 for this acquisition includes a reserve of $3,300 to cover future removal of this asbestos, as necessary. The Company incurred $145 and $26 in remediation costs for the nine months ending September 30, 2001 and 2000, respectively. An additional $2,613 remains reserved at September 30, 2001.

10. 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 17, 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 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.

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 and Series B Preferred Stock have not been declared and/or paid.

The holders of Series A Preferred Stock and Series B Preferred Stock have redemption rights if a change of control of the Company occurs, as defined under the respective Articles Supplementary for each series. Under such circumstances, the holders of the Series A Preferred Stock and Series B 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 their respective 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 therefor.

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

11. Subsequent Events:

On November 9, 2001, a dividend/distribution of $0.55 per share was declared for common stockholders and OP unit holders of record on November 19, 2001. In addition, the Company declared a dividend of $0.55 on the Company's Series A Preferred Stock and a dividend of $0.55 on the Company's Series B Preferred Stock. All dividends/distributions will be payable on December 7, 2001.

Item 2

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

The following discussion is based primarily on the consolidated balance sheet of The Macerich Company as of September 30, 2001, and also compares the activities for the nine and three months ended September 30, 2001 to the activities for the nine and three months ended September 30, 2000.

This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto. These financial statements include all adjustments, which are, in the opinion of management, necessary to reflect the fair presentation of the results for the interim periods presented, and all such adjustments are of a normal recurring nature.

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 and acquisition 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, 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, tenant bankruptcies, lease rates and terms, availability and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technology, risks of real estate development, acquisitions and dispositions; governmental actions and initiatives; environmental and safety requirements; and terrorist activities, which 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.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Pacific View (formerly known as Buenaventura Mall), Crossroads Mall-Boulder and Parklane Mall are currently under redevelopment or in the case of Pacific View was recently developed, and are referred to herein as the "Redevelopment Centers." All other Centers, excluding the Redevelopment 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 for the nine and three months ended September 30, 2001 was $0.1 million and $0.0 million, respectively; compared to $0.7 million and $0.0 million for the nine and three months ended September 30, 2000. Additionally, the Company recognized through equity in income of unconsolidated joint ventures, $1.0 million and $0.3 million as its pro rata share of straight lined rents from joint ventures for the nine and three months ended September 30, 2001, respectively; compared to $1.6 million and $0.5 million for the nine and three months ended September 30, 2000, respectively. These decreases resulted from the Company structuring the majority of its new leases using annual Consumer Price Index ("CPI") increases, which generally do not require straight lining treatment. The Company believes that using 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 bankruptcy and/or closure of an Anchor, or its sale to a less desirable retailer, could adversely affect customer traffic in a Center and thereby reduce the income generated by that Center. Furthermore, the closing of an Anchor could, under certain circumstances, allow certain other Anchors or other tenants to terminate their leases or cease operating their stores at the Center or otherwise adversely affect occupancy at the Center. Other retail stores at the Centers may also seek the protection of bankruptcy laws and/or close stores, which could result in the termination of such tenants and thus cause a reduction in cash flow generated by the Centers.

In addition, the Company's success in the highly competitive real estate shopping center business depends upon many other factors, including general economic conditions, the ability of tenants to make rent payments, increases or decreases in operating expenses, occupancy levels, changes in demographics, competition from other centers and forms of retailing and the ability to renew leases or relet space upon the expiration or termination of leases.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Results of Operations

Comparison of Nine Months Ended September 30, 2001 and 2000

Revenues

Minimum and percentage rents increased by 3.7% to $153.6 million in 2001 from $148.1 million in 2000. Approximately $4.0 million of the increase is attributable to the Same Centers and $1.5 million of the increase relates to the Redevelopment Centers.

Tenant recoveries increased to $79.9 million in 2001 from $74.3 million in 2000. Approximately $4.9 million of the increase is attributable to the Same Centers and $0.7 million of the increase relates to the Redevelopment Centers.

Other income increased to $7.9 million in 2001 from $6.1 million in 2000.

Expenses

Shopping center expenses increased to $80.6 million in 2001 compared to $73.2 million in 2000. The increase is a result of increased property taxes and recoverable expenses at the Centers. Additionally, management company expense for MPMC, LLC for periods subsequent to April 1, 2001 are now consolidated and represented $3.5 million of the change. Prior to April 1, 2001, MPMC, LLC was an unconsolidated entity accounted for using the equity method.

Interest Expense

Interest expense increased to $83.0 million in 2001 from $82.1 million in 2000.

Depreciation and Amortization

Depreciation and amortization increased to $49.1 million in 2001 from $44.6 million in 2000. The increase is primarily due to greater depreciation at Pacific View Mall, which recently completed an $89.0 million redevelopment.

Income from Unconsolidated Joint Ventures and Management Companies

The income from unconsolidated joint ventures and the Management Companies was $20.9 million for 2001, compared to income of $20.5 million in 2000.

Extraordinary Loss from Early Extinguishment of Debt

In 2001, the Company wrote off $0.2 million of unamortized financing costs as compared to $1.0 million in 2000.

Cumulative Effect of Change in Accounting Principle

A loss of $1.0 million in 2000 is a result of implementation of SAB 101 at January 1, 2000.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Results of Operations - Continued:

Comparison of Nine Months Ended September 30, 2001 and 2000 - Continued:

Net Income Available to Common Stockholders

As a result of the foregoing, net income available to common stockholders increased to $22.5 million in 2001 from $21.1 million in 2000.

Operating Activities

Cash flow from operations was $99.5 million in 2001 compared to $86.0 million in 2000. The increase is primarily due to the factors mentioned above.

Investing Activities

Cash used in investing activities was $58.0 million in 2001 compared to cash provided by investing activities of $34.5 million in 2000. This decrease is primarily due to improvements and renovations to the Centers.

Financing Activities

Cash flow used in financing activities was $49.9 million in 2001 compared to cash used in financing activities of $125.1 million in 2000. This decrease was due to more refinancing activity in 2001 of wholly-owned assets.

Funds From Operations

Primarily because of the factors mentioned above, Funds from Operations - Diluted increased 3.8% to $119.3 million in 2001 from $114.9 million in 2000 (See "Funds From Operations").

Comparison of Three Months Ended September 30, 2001 and 2000

Revenues

Minimum and percentage rents increased by 4.8% to $52.4 million in 2001 from $50.0 million in 2000. Approximately $2.2 million of the increase is attributable to the Same Centers and $0.2 million of the increase relates to the Redevelopment Centers.

Tenant recoveries increased to $27.7 million in 2001 from $24.9 million in 2000. Approximately $2.6 million of the increase is attributable to the Same Centers and $0.2 of the increase relates to the Redevelopment Centers.

Other income increased to $2.8 million in 2001 from $2.1 million in 2000.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Results of Operations

Comparison of Three Months Ended September 30, 2001 and 2000, Continued:

Expenses

Shopping center expenses increased to $28.6 million in 2001 compared to $25.1 million in 2000. The increase is a result of increased property taxes and recoverable expenses at the Centers. Additionally, management company expense for MPMC, LLC for periods subsequent to April 1, 2001 are now consolidated and represented $2.2 million of the change. Prior to April 1, 2001, MPMC, LLC was an unconsolidated entity accounted for using the equity method.

Interest Expense

Interest expense increased to $27.6 million in 2001 from $27.0 million in 2000.

Depreciation and Amortization

Depreciation and amortization increased to $16.6 million in 2001 from $15.1 million in 2000. The increase is primarily due to greater depreciation at Pacific View Mall, which recently completed an $89.0 million redevelopment.

Income from Unconsolidated Joint Ventures and Management Companies

The income from unconsolidated joint ventures and the Management Companies was $8.2 million for 2001, compared to income of $7.4 million in 2000.

Net Income Available to Common Stockholders

As a result of the foregoing, net income available to common stockholders increased to $9.3 million in 2001 from $7.2 million in 2000.

Funds From Operations

Primarily because of the factors mentioned above, Funds from Operations - Diluted increased 9.5% to $42.5 million in 2001 from $38.8 million in 2000 (See "Funds From Operations").

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Liquidity and Capital Resources

The Company intends to meet its short term liquidity requirements through cash generated from operations and working capital reserves. 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 Wholly-Owned Centers for the nine months ending September 30,:

	2001	2000
	(Dollars in millions)	
Renovations, expansions and acquisitions of property, equipment and improvements	$36.8	$28.2
Tenant allowances	7.8	3.3
Deferred charges	10.5	8.2
Total	$55.1	$39.7

Management expects similar levels to be incurred in future years for tenant allowances and deferred charges and to incur between $30.0 million to $75.0 million in 2001 for renovations and expansions. Capital for major expenditures or major 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.

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 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 September 30, 2001 was $2.3 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 66% at September 30, 2001. The Company's debt consists primarily of fixed-rate conventional mortgages payable secured by individual properties.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Liquidity and Capital Resources - Continued:

The Company has filed a shelf registration statement, effective December 8, 1997, to sell securities. The shelf registration is for a total of $500 million of common stock, common stock warrants or common stock rights. During 1998, the Company sold a total of 7,920,181 shares of common stock under this shelf registration. The aggregate offering price of these transactions was approximately $212.9 million, leaving approximately $287.1 million available under the shelf registration statement.

The Company has an unsecured line of credit for up to $200.0 million with a maturity of May 2002. There were $154.0 million of borrowings outstanding at September 30, 2001.

At September 30, 2001, the Company had cash and cash equivalents available of $27.9 million.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Funds From Operations

The Company believes that the most significant measure of its performance is Funds from Operations ("FFO"). FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") to be: Net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring, sales or write-down of assets, and cumulative effect of change in accounting principle, plus depreciation and amortization (excluding depreciation on personal property and amortization of loan and financial instrument costs) and after adjustments for unconsolidated entities. Adjustments for unconsolidated entities are calculated on the same basis. FFO does not represent cash flow from operations, as defined by GAAP, and is not necessarily 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 following reconciles net income available to common stockholders to FFO:

	Nine Months Ended September 30, 2001		2000	
	Shares	Amount	Shares	Amount
	(amounts in thousands)			
Net income - available to common stockholders		$22,515		$21,090
Adjustments to reconcile net income to FFO - basic:				
Minority interest		7,342		6,722
Depreciation and amortization on wholly owned centers		49,092		44,632
Pro rata share of unconsolidated entities' depreciation and amortization		20,244		18,186
Loss (gain) on sale of wholly-owned assets		295		1,297
Loss on early extinguishment of debt		187		984
Pro rata share of (gain) loss on sale of assets from unconsolidated entities		(208)		(763)
Cumulative effect of the change in accounting principle - wholly-owned assets		-		963
Cumulative effect of the change in accounting principle - pro rata joint ventures		-		787
Less: Depreciation on personal property and amortization of loan costs and interest rate caps		(3,698)		(3,810)
FFO - basic (1)	44,915	95,769	45,084	90,088
Additional adjustments to arrive at FFO - diluted:				
Impact of convertible preferred stock	9,115	14,675	9,115	13,945
Impact of stock options and restricted stock using the treasury method	-	-	437	1,392
Impact of convertible debentures	4,847	8,829	5,186	9,454
FFO - diluted (2)	58,877	$119,273	59,822	$114,879

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

Funds From Operations - Continued:

	Three Months Ended September 30, 2001		2000	
	Shares	Amount	Shares	Amount
	(amounts in thousands)			
Net income - available to common stockholders		$9,268		$7,169
Adjustments to reconcile net income to FFO - basic:				
Minority interest		2,965		2,301
Depreciation and amortization on wholly owned centers		16,601		15,064
Pro rata share of unconsolidated entities' depreciation and amortization		6,920		6,550
Loss (gain) on sale of wholly-owned assets		107		1,189
Loss on early extinguishment of debt		-		984
Pro rata share of (gain) loss on sale of assets from unconsolidated entities		(85)		(1,176)
Less: Depreciation on personal property and amortization of loan costs and interest rate caps		(1,298)		(1,451)
FFO - basic (1)	45,032	34,478	45,107	30,630
Additional adjustments to arrive at FFO - diluted:				
Impact of convertible preferred stock	9,115	5,013	9,115	4,648
Impact of stock options and restricted stock using the treasury method	-	-	507	390
Impact of convertible debentures	4,847	2,971	5,186	3,162
FFO - diluted (2)	58,994	$42,462	59,915	$38,830

1) Calculated based upon basic net income as adjusted to reach basic FFO. Weighted average number of shares includes the weighted average number of shares of common stock outstanding for 2001 and 2000 assuming the conversion of all outstanding OP units. As of September 30, 2001, 11.2 million of OP units were outstanding.

2) The computation of FFO - diluted and diluted average number of shares outstanding includes the effect of outstanding common stock options and restricted stock using the treasury method. The convertible debentures are dilutive for the nine and three months ending September 30, 2001 and 2000, and are included in the FFO calculation to calculate FFO - diluted. On February 25, 1998, the Company sold $100 million of its Series A Preferred Stock. On June 17, 1998, the Company sold $150 million of its Series B Preferred Stock. The preferred stock can be converted on a one for one basis for common stock. The preferred shares are assumed converted for purposes of FFO diluted per share, 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 that impacted minimum rents was $0.1 million and $0.7 million for the nine months ended September 30, 2001 and 2000, respectively; and $0.0 million and $0.0 million for the three months ended September 30, 2001 and 2000, respectively. The decline in straight lining of rents from 2000 to 2001 is due to the Company structuring its new leases using rent increases tied to the change in the CPI rather than using contractually fixed rent increases. CPI increases do not generally require straight lining of rent treatment.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

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 increases in the CPI. In addition, many of the leases are for terms of less than ten years, 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, most of the leases require the tenants to pay their pro rata share of operating expenses. This reduces the Company's exposure to increases in costs and operating expenses resulting from inflation.

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, plus the accounting change discussed below for percentage rent, earnings are generally highest in the fourth quarter of each year.

New Accounting Pronouncements Issued

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which became effective for periods beginning after December 15, 1999. This bulletin modified the timing of revenue recognition for percentage rent received from tenants. This change defers recognition of a significant amount of percentage rent for the first three calendar quarters into the fourth quarter. The Company applied this accounting change as of January 1, 2000. The cumulative effect of this change in accounting principle at the adoption date of January 1, 2000, including the pro rata share of joint ventures, was approximately $1,750,000.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued:

New Accounting Pronouncements Issued, Continued:

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133") which requires companies to record derivatives on the balance sheet, measured at fair value. Changes in the fair values of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. In June 1999, the FASB issued SFAS 137, "Accounting for Derivative Instruments and Hedging Activities," which delayed the implementation of SFAS 133 from January 1, 2000 to January 1, 2001. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133," ("SFAS138"), which amended the accounting and reporting standards of SFAS 133. As a result of the adoption of SFAS 133 on January 1, 2001, the Company recorded a transition adjustment of $9.4 million to accumulate other comprehensive income related to treasury rate lock transactions settled in prior years. The entire transition adjustment was reflected in the quarter ended March 31, 2001. The transition adjustment of $9.4 million, less minority interest of $2.3 million and amortization of $1.0 million for the nine months ended September 30, 2001, is subtracted from net income to arrive at comprehensive income of $31.0 million for the nine months ended September 30, 2001. The Company expects that $1.3 million will be reclassified from accumulated other comprehensive income to earnings for the year ended December 31, 2001. During the quarter ended September 30, 2001, the Company reclassified $0.3 million from accumulated other comprehensive income to earnings.

In October 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121") and related literature and establishes a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale. The Company is required to adopt SFAS 144 no later than January 1, 2002. The Company does not believe that the adoption of SFAS 144 will have a material impact on its consolidated financial statements.

THE MACERICH COMPANY (The Company)

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 conservative 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 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 September 30, 2001 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)							
	2001	2002	2003	2004	2005	Thereafter	Total	FV
Wholly Owned Centers:								
Long term debt:								
Fixed rate	$10,947	$13,845	$53,651	$131,690	$15,126	$1,058,828	$1,284,087	$1,370,826
Average interest rate	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	-
Fixed rate - Debentures	-	150,848	-	-	-	-	150,848	150,570
Average interest rate	-	7.25%	-	-	-	-	7.25%	-
Variable rate	-	154,000	-	-	-	-	154,000	154,000
Average interest rate	-	5.00%	-	-	-	-	5.00%	-
Total debt - Wholly owned Centers	$10,947	$318,693	$53,651	$131,690	$15,126	$1,058,828	$1,588,935	$1,675,396
Joint Venture Centers: (at Company's pro rata share)								
Fixed rate	$6,978	$7,766	$8,655	$9,241	$74,752	$473,993	$581,385	$607,320
Average interest rate	6.86%	6.87%	6.87%	6.87%	6.83%	6.83%	6.83%	-
Variable rate	-	8,224	92,250	-	-	40,700	141,174	141,174
Average interest rate	-	5.57%	4.01%	-	-	3.92%	4.01%	-
Total debt - Joint Ventures	$6,978	$15,990	$100,905	$9,241	$74,752	$514,693	$722,559	$748,494
Total debt - All Centers	$17,925	$334,683	$154,556	$140,931	$89,878	$1,573,521	$2,311,494	$2,423,890

All debt maturing in 2001 reflects the amortization of principal on existing debt.

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 $2.9 million per year based on $295.2 million outstanding at September 30, 2001.

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.

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 and Use of Proceeds

On July 23, 2001, the Company issued 1,287 shares of Common Stock upon the redemption of 1,287 OP Units in a private placement to a limited partner of the Operating Partnership, an accredited investor, pursuant to Section 4(2) of the Securities Act of 1933.

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

None

THE MACERICH COMPANY (The Company)

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: November 14, 2001

THE MACERICH COMPANY (The Company)

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(a) Exhibits

Number	Description
None	