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 JUNE 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 August 9, 2001.

Common stock, par value $.01 per share: 33,934,114 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

THE MACERICH COMPANY (The Company)

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THE MACERICH COMPANY (The Company)

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

	June 30, 2001	December 31. 2000
ASSETS:		
Property, net	$1,932,654	$1,933,584
Cash and cash equivalents	27,364	36,273
Tenant receivables, including accrued overage rents of $975 in 2001 and $6,486 in 2000	34,327	38,922
Deferred charges and other assets, net	56,523	55,323
Investments in joint ventures and the Management Companies	271,041	273,140
Total assets	$2,321,909	$2,337,242
LIABILITIES, PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$82,665	$133,063
Others	1,115,313	1,119,684
Total	1,197,978	1,252,747
Bank notes payable	233,250	147,340
Convertible debentures	150,848	150,848
Accounts payable and accrued expenses	20,130	24,681
Due to affiliates	2,485	8,800
Other accrued liabilities	18,065	17,887
Preferred stock dividend payable	4,831	4,831
Total liabilities	1,627,587	1,607,134
Minority interest in Operating Partnership	110,705	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 June 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 June 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, 33,850,167 and 33,612,462 shares issued and outstanding at June 30, 2001 and December 31, 2000, respectively	338	338
Additional paid in capital	351,462	359,306
Accumulated earnings	-	10,314
Accumulated other comprehensive loss	(6,489)	-
Unamortized restricted stock	(9,030)	(7,686)
Total common stockholders' equity	336,281	362,272
Total liabilities, preferred stock and common stockholders' equity	$2,321,909	$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)

	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
REVENUES:		
Minimum rents	$98,219	$95,080
Percentage rents	2,988	3,002
Tenant recoveries	52,166	49,438
Other	5,081	4,037
Total revenues	158,454	151,557
EXPENSES:		
Shopping center expenses	51,977	48,108
General and administrative expense	3,515	3,181
Interest expense:		
Related parties	3,959	5,042
Others	51,534	50,057
Total interest expense	55,493	55,099
Depreciation and amortization	32,491	29,568
Equity in income of unconsolidated joint ventures and the management companies	12,681	13,109
Loss on sale of assets	(188)	(108)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	27,471	28,602
Extraordinary loss on early extinguishment of debt	(187)	-
Cumulative effect of change in accounting principle	-	(963)
Income of the Operating Partnership	27,284	27,639
Less minority interest in net income of the Operating Partnership	4,377	4,421
Net income	22,907	23,218
Less preferred dividends	9,662	9,297
Net income available to common stockholders	$13,245	$13,921
Earnings per common share - basic:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.40	$0.44
Extraordinary item	(0.01)	-
Cumulative effect of change in accounting principle	-	(0.03)
Net income per share available to common stockholders	$0.39	$0.41
Weighted average number of common shares outstanding - basic	33,706,000	34,120,000
Weighted average number of common shares outstanding - basic, assuming full conversion of operating partnership units outstanding	44,860,000	45,073,000
Earnings per common share - diluted:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.39	$0.43
Extraordinary item	-	-
Cumulative effect of change in accounting principle	-	(0.02)
Net income per share - available to common stockholders	$0.39	$0.41
Weighted average number of common shares outstanding - diluted for EPS	44,860,000	45,073,000

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 June 30,	
	2001	2000
REVENUES:		
Minimum rents	$49,553	$47,905
Percentage rents	1,140	1,471
Tenant recoveries	27,364	24,869
Other	2,634	2,010
Total revenues	80,691	76,255
EXPENSES:		
Shopping center expenses	27,825	24,208
General and administrative expense	1,832	1,712
Interest expense:		
Related parties	1,474	2,523
Others	26,023	24,424
Total interest expense	27,497	26,947
Depreciation and amortization	16,387	15,040
Equity in income of unconsolidated joint ventures and the management companies	6,625	6,386
Gain (loss) on sale of assets	132	(106)
Income before minority interest, extraordinary item and cumulative effect of change in accounting principle	13,907	14,628
Extraordinary loss on early extinguishment of debt	(1)	-
Income of the Operating Partnership	13,906	14,628
Less minority interest in net income of the Operating Partnership	2,249	2,383
Net income	11,657	12,245
Less preferred dividends	4,831	4,648
Net income available to common stockholders	$6,826	$7,597
Earnings per common share - basic:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.20	$0.22
Net income per share available to common stockholders	$0.20	$0.22
Weighted average number of common shares outstanding - basic	33,771,000	34,148,000
Weighted average number of common shares outstanding - basic, assuming full conversion of operating partnership units outstanding	44,924,000	45,093,000
Earnings per common share - diluted:		
Income before extraordinary item and cumulative effect of change in accounting principle	$0.20	$0.22
Net income per share - available to common stockholders	$0.20	$0.22
Weighted average number of common shares outstanding - diluted for EPS	44,924,000	45,093,000

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 six months ended June 30, 2001	2000
Cash flows from operating activities:		
Net income - available to common stockholders	$13,245	$13,921
Preferred dividends	9,662	9,297
Net income	22,907	23,218
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary loss on early extinguishment of debt	187	-
Cumulative effect of change in accounting principle	-	963
Loss on sale of assets	188	108
Depreciation and amortization	32,491	29,568
Amortization of net discount (premium) on trust deed note payable	17	17
Minority interest in net income of the Operating Partnership	4,377	4,421
Changes in assets and liabilities:		
Tenant receivables, net	4,595	6,118
Other assets	236	3,188
Accounts payable and accrued expenses	(4,551)	(10,087)
Due to affiliates	(6,315)	(5,470)
Other liabilities	178	(3,382)
Total adjustments	31,403	25,444
Net cash provided by operating activities	54,310	48,662
Cash flows from investing activities:		
Acquisitions of property, equipment and improvements	(4,703)	(1,456)
Renovations and expansions of Centers	(17,412)	(11,387)
Tenant allowances	(5,140)	(2,464)
Deferred charges	(5,930)	(5,440)
Equity in income of unconsolidated joint ventures and the Management Companies	(12,681)	(13,109)
Distributions from joint ventures	23,982	85,707
Contributions to joint ventures	(9,202)	(387)
Net cash (used in) provided by investing activities	(31,086)	51,464
Cash flows from financing activities:		
Proceeds from mortgages, notes and debentures payable	134,410	37,962
Payments on mortgages, notes and debentures payable	(103,286)	(85,729)
Dividends and distributions	(53,595)	(48,563)
Dividends to preferred stockholders	(9,662)	(9,297)
Net cash used in financing activities	(32,133)	(105,627)
Net decrease in cash	(8,909)	(5,501)
Cash and cash equivalents, beginning of period	36,273	40,455
Cash and cash equivalents, end of period	$27,364	$34,954
Supplemental cash flow information:		
Cash payment for interest, net of amounts capitalized	$55,977	$55,263

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 will defer 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 will be 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 delays 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 amends 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 $659 for the six months ended June 30, 2001, would be subtracted from net income to arrive at comprehensive income of $16,418. The Company expects that $1,328 will be reclassified from

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

accumulated other comprehensive income to earnings for the year ended December 31, 2001. During the quarter ended June 30, 2001, the Company reclassified $331 from accumulated other comprehensive income to earnings.

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 six and three months ending June 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 Six Months Ended June 30,					
	2001			2000		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share
	(In thousands, except per share data)					
Net income	$22,907			$23,218		
Less: Preferred stock dividends	9,662			9,297		
Basic EPS:						
Net income - available to common stockholders	13,245	33,706	$0.39	13,921	34,120	$0.41
Diluted EPS:						
Effect of dilutive securities:						
Conversion of OP units	4,377	11,154		4,421	10,953	
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	$17,622	44,860	$0.39	$18,342	45,073	$0.41

	For the Three Months Ended June 30,					
	2001			2000		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share
	(In thousands, except per share data)					
Net income	$11,657			$12,245		
Less: Preferred stock dividends	4,831			4,648		
Basic EPS:						
Net income - available to common stockholders	6,826	33,771	$0.20	7,597	34,148	$0.22
Diluted EPS:						
Effect of dilutive securities:						
Conversion of OP units	2,249	11,153		2,383	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	$9,075	44,924	$0.20	$9,980	45,093	$0.22

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

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 June 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 June 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, until the maturity date of September 30, 2001. 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

	June 30, 2001	December 31, 2000
Assets:		
Properties, net	$2,167,435	$2,064,777
Other assets	148,385	155,919
Total assets	$2,315,820	$2,220,696
Liabilities and partners' capital:		
Mortgage notes payable	$1,455,239	$1,461,857
Other liabilities	137,346	51,791
The Company's capital	271,041	273,140
Outside partners' capital	452,194	433,908
Total liabilities and partners' capital	$2,315,820	$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

	Six Months Ended June 30, 2001				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$45,362	$48,750	$9,957	-	$104,069
Percentage rents	2,087	1,422	578	-	4,087
Tenant recoveries	21,286	17,591	4,583	-	43,460
Management fee	-	-	-	$5,402	5,402
Other	1,298	891	7,550	-	9,739
Total revenues	70,033	68,654	22,668	5,402	166,757
Expenses:					
Shopping center expenses	26,047	19,347	18,193	-	63,587
Interest expense	19,740	24,786	3,852	(67)	48,311
Management Company expense	-	-	-	5,924	5,924
Depreciation and amortization	12,439	11,213	3,317	533	27,502
Total operating expenses	58,226	55,346	25,362	6,390	145,324
Gain (loss) on sale of assets	(12)	72	259	-	319
Net income (loss)	$11,795	$13,380	($2,435)	($988)	$21,752

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES
AND THE MANAGEMENT COMPANIES

	Six Months Ended June 30, 2000				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$44,043	$46,076	$13,025	-	$103,144
Percentage rents	2,144	1,248	808	-	4,200
Tenant recoveries	19,995	15,931	4,519	-	40,445
Management fee	-	-	-	$6,500	6,500
Other	1,051	591	704	191	2,537
Total revenues	67,233	63,846	19,056	6,691	156,826
Expenses:					
Shopping center expenses	25,308	17,287	5,479	-	48,074
Interest expense	17,945	22,224	3,732	(161)	43,740
Management Company expense	-	-	-	7,906	7,906
Depreciation and amortization	11,234	9,572	1,466	506	22,778
Total operating expenses	54,487	49,083	10,677	8,251	122,498
Gain (loss) on sale of assets	-	-	60	(447)	(387)
Cumulative effect of change in accounting principle	(1,053)	(397)	(98)	(9)	(1,557)
Net income (loss)	$11,693	$14,366	$8,341	($2,016)	$32,384

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 June 30, 2001				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$22,552	$24,640	$4,992	-	$52,184
Percentage rents	415	566	443	-	1,424
Tenant recoveries	10,403	9,000	2,338	-	21,741
Management fee	-	-	-	$2,351	2,351
Other	804	287	5,582	-	6,673
Total revenues	34,174	34,493	13,355	2,351	84,373
Expenses:					
Shopping center expenses	12,791	10,095	11,281	-	34,167
Interest expense	9,289	12,419	2,010	(34)	23,684
Management Company expense	-	-	-	1,982	1,982
Depreciation and amortization	6,291	5,702	2,478	239	14,710
Total operating expenses	28,371	28,216	15,769	2,187	74,543
Gain (loss) on sale of assets	(11)	-	(1)	-	(12)
Net income (loss)	$5,792	$6,277	($2,415)	$164	$9,818

COMBINED STATEMENTS OF OPERATIONS OF JOINT VENTURES
AND THE MANAGEMENT COMPANIES

	Three Months Ended June 30, 2000				
	SDG Macerich Properties, L.P.	Pacific Premier Retail Trust	Other Joint Ventures	Mgmt Companies	Total
Revenues:					
Minimum rents	$22,134	$23,088	$6,638	-	$51,860
Percentage rents	628	456	367	-	1,451
Tenant recoveries	9,807	8,166	2,257	-	20,230
Management fee	-	-	-	$3,497	3,497
Other	566	279	402	76	1,323
Total revenues	33,135	31,989	9,664	3,573	78,361
Expenses:					
Shopping center expenses	12,389	8,680	2,725	-	23,794
Interest expense	9,908	10,964	1,864	(69)	22,667
Management Company expense	-	-	-	4,449	4,449
Depreciation and amortization	5,723	4,943	417	274	11,357
Total operating expenses	28,020	24,587	5,006	4,654	62,267
Gain on sale of assets	-	-	60	-	60
Net income (loss)	$5,115	$7,402	$4,718	($1,081)	$16,154

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

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 $159,654 and $161,281 for the periods ended June 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 $5,367 and $4,645 for the six months ended June 30, 2001 and 2000, respectively; and $2,686 and $2,150 for the three months ended June 30, 2001 and 2000, respectively.

4. Property:

Property is summarized as follows:

	June 30, 2001	December 31, 2000
Land	$397,800	$397,947
Building improvements	1,726,361	1,716,860
Tenant improvements	61,992	56,723
Equipment and furnishings	15,060	12,259
Construction in progress	54,510	44,679
	2,255,723	2,228,468
Less, accumulated depreciation	(323,069)	(294,884)
	$1,932,654	$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 June 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)	----	$48,414	----	$36,587	7.13%	380 (a)	2011
Carmel Plaza	$28,492	----	$28,626	----	8.18%	202 (a)	2009
Chesterfield Towne Center	63,174	----	63,587	----	9.07%	548(c)	2024
Citadel	71,412	----	72,091	----	7.20%	554(a)	2008
Corte Madera, Village at	70,976	----	71,313	----	7.75%	516(a)	2009
Crossroads Mall-Boulder (d)	----	34,251	----	34,476	7.08%	244(a)	2010
Fresno Fashion Fair	69,000	----	69,000	----	6.52%	interest only	2008
Greeley Mall	14,848	----	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	60,448	----	61,011	----	7.33%	434(a)	2009
Parklane Mall	----	----	----	20,000	6.75%	interest only	(f)
Queens Center	98,788	----	99,300	----	6.88%	633(a)	2009
Rimrock Mall	29,527	----	29,845	----	7.70%	244(a)	2003
Santa Monica Place (g)	84,604	----	84,939	----	7.70%	606(a)	2010
South Plains Mall	63,774	----	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 (h)	69,556	----	69,853	----	7.89%	508(a)	2010
Westside Pavilion	100,000	----	100,000	----	6.67%	interest only	2008
Total - Wholly Owned Centers	$1,115,313	$82,665	$1,119,684	$133,063			

(Dollars in thousands)

5. Mortgage Notes Payable, Continued:

Mortgage notes payable at June 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%) (i)	----	$35,683	----	$36,032	6.68%	257 (a)	2008
Pacific Premier Retail Trust (51%) (i):							
Cascade Mall	$12,956	----	$13,261	----	6.50%	122 (a)	2014
Kitsap Mall/Kitsap Place (j)	31,110	----	31,110	----	8.06%	230 (a)	2010
Lakewood Mall (k)	64,770		64,770	----	7.20%	interest only	2005
Lakewood Mall (l)	8,224	----	8,224	----	7.75%	interest only	2002
Los Cerritos Center	59,791		60,174	----	7.13%	421(a)	2006
North Point Plaza	1,784	----	1,821	----	6.50%	16 (a)	2015
Redmond Town Center - Retail	31,872	----	32,176	----	6.50%	224 (a)	2011
Redmond Town Center - Office (m)	----	45,027	----	45,500	6.77%	370 (a)	2009
Stonewood Mall (n)	39,653		39,653	----	7.41%	275 (a)	2010
Washington Square	58,899	----	59,441	----	6.70%	421 (a)	2009
Washington Square Too	6,204	----	6,318	----	6.50%	53 (a)	2016
SDG Macerich Properties L.P. (50%) (i)	185,966	----	186,607	----	6.55% (o)	1,120 (a)	2006
SDG Macerich Properties L.P. (50%) (i)	92,250	----	92,250	----	5.67% (o)	interest only	2003
SDG Macerich Properties L.P. (50%) (i)	40,700	----	40,700	----	5.54% (o)	interest only	2006
West Acres Center (19%) (i) (p)	7,522	----	7,600	----	6.52%	299 (a)	2009
Total - Joint Venture Centers	$641,701	$80,710	$644,105	$81,532			
Total - All Centers	$1,757,014	$163,375	$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 $278 and $74 for the six and three months ended June 30, 2001, respectively; and $236 and $106 for the six and three months ended June 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 June 30, 2001 and December 31, 2000, the unamortized discount was $314 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) 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%.

(h) 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.

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

(j) 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.

(k) 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 June 30, 2001 and at December 31, 2000.

(l) 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 June 30, 2001 and December 31, 2000, the total interest was 7.75% and 9.0%, respectively.

(m) Concurrent with this acquisition, the joint venture placed $76,700 of debt and obtained a construction loan for an additional $16,000. Principal is drawn on the construction loan as costs are incurred. As of June 30, 2001 and December 31, 2000, $15,291 and $15,038 of principal has been drawn under the construction loan, respectively.

5. Mortgage Notes Payable, Continued:

(n) 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.

(o) 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 June 30, 2001 and December 31, 2000, the unamortized balance of the debt premium was $14,833 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 5.67% and 7.21% at June 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 5.54% and 7.08% at June 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%.

(p) This debt is interest only until January 2001 at which time monthly payments of principal and interest will be due in the amount of $299.

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 June 30, 2001, no treasury lock agreements were outstanding.

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

Total interest capitalized, including the prorata share of joint ventures, during the six and three months ended June 30, 2001, was $2,564 and $1,320, respectively; and total interest capitalized during the six and three months ended June 30, 2000 was $3,411 and $2,100, respectively.

The fair value of mortgage notes payable, including the pro rata share of joint ventures, at June 30, 2001 and December 31, 2000 is estimated to be approximately $1,938,980 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 $150,000 with a maturity of May 2002. In August 2001, the Company expanded this line of credit to $175,000. The interest rate on such credit facility fluctuates between 1.35% and 1.80% over LIBOR depending on leverage levels. As of June 30, 2001 and December 31, 2000, $144,000 and $59,000 of borrowings were outstanding under this line of credit at interest rates of 5.64% 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 matures in February 2002. Principal was drawn as construction costs were incurred. As of June 30, 2001 and December 31, 2000, $89,250 and $88,340 of principal had been drawn under the loan at interest rates of 5.56% and 8.63%, respectively. On July 10, 2001, the Company paid off this loan in full and a permanent loan was issued for $89,000, expandable 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 six and three months ending June 30, 2001, management fees of $757 and $0, respectively; and for the six and three months ending June 30, 2000, management fees of $1,437 and $724, respectively, were paid to the Management Companies by the Company. For the six and three months ending June 30, 2001, management fees of $3,561 and $1,789 respectively; and for the six and three months ending June 30, 2000, management fees of $3,449 and $1,752, respectively, were paid 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 $3,959 and $1,474 for the six and three months ended June 30, 2001, respectively; and $5,042 and $2,523 for the six and three months ended June 30, 2000, respectively. Included in accounts payable and accrued expenses is interest payable to these partners of $249 and $512 at June 30, 2001 and December 31, 2000, respectively.

8. Related-Party Transactions - Continued:

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 June 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 $85 and $77 for the six and three months ended June 30, 2001, respectively. Ground rent expenses, net of amounts capitalized, were $170 and ($28) for the six and three months ended June 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 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 $15 and $29 have already been incurred by the joint venture for remediation, professional and legal fees for the periods ending June 30, 2001 and 2000, respectively. An additional $241 remains reserved by the joint venture as of June 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.

9. Commitments and Contingencies, Continued:

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 $54 and $24 in remediation costs for the six months ending June 30, 2001 and 2000, respectively. An additional $2,703 remains reserved at June 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.

11. Subsequent Events:

On August 9, 2001, a dividend/distribution of $0.53 per share was declared for common stockholders and OP unit holders of record on August 20, 2001. In addition, the Company declared a dividend of $0.53 on the Company's Series A Preferred Stock and a dividend of $0.53 on the Company's Series B Preferred Stock. All dividends/distributions will be payable on September 10, 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 June 30, 2001, and also compares the activities for the six and three months ended June 30, 2001 to the activities for the six and three months ended June 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, interest rate fluctuations 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; energy and electricity shortages and costs. 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 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 six and three months ended June 30, 2001 was ($0.1) million and ($0.2) million, respectively; compared to $0.6 million and $0.4 million for the six and three months ended June 30, 2000. Additionally, the Company recognized through equity in income of unconsolidated joint ventures, $0.7 million and $0.3 million as its pro rata share of straight lined rents from joint ventures for the six and three months ended June 30, 2001, respectively; compared to $1.1 million and $0.6 million for the six and three months ended June 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 Six Months Ended June 30, 2001 and 2000

Revenues

Minimum and percentage rents increased by 3.2% to $101.2 million in 2001 from $98.1 million in 2000. Approximately $1.8 million of the increase is attributable to the Same Centers and $1.3 million of the increase relates to the Redevelopment Centers.

Tenant recoveries increased to $52.2 million in 2001 from $49.4 million in 2000. Approximately $2.3 million of the increase is attributable to the Same Centers and $0.5 million of the increase relates to the Redevelopment Centers.

Other income increased to $5.1 million in 2001 from $4.0 million in 2000.

Expenses

Shopping center expenses increased to $52.0 million in 2001 compared to $48.1 million in 2000. The increase is a result of increased property taxes and recoverable expenses at the Centers.

Interest Expense

Interest expense increased to $55.5 million in 2001 from $55.1 million in 2000.

Depreciation and Amortization

Depreciation and amortization increased to $32.5 million in 2001 from $29.6 million in 2000. The increase is primarily due to greater depreciation at Pacific View Mall.

Income from Unconsolidated Joint Ventures and Management Companies

The income from unconsolidated joint ventures and the Management Companies was $12.7 million for 2001, compared to income of $13.1 million in 2000. The decrease is primarily due to greater interest expense from the debt restructuring at SDG Macerich Properties, L.P.

Extraordinary Loss from Early Extinguishment of Debt

In 2001, the Company wrote off $0.2 million of unamortized financing costs.

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.

Net Income Available to Common Stockholders

As a result of the foregoing, net income available to common stockholders decreased to $13.2 million in 2001 from $13.9 million in 2000.

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

Results of Operations - Continued:

Comparison of Six Months Ended June 30, 2001 and 2000 - Continued:

Operating Activities

Cash flow from operations was $54.3 million in 2001 compared to $48.7 million in 2000. The decrease is primarily due to the factors mentioned above.

Investing Activities

Cash used in investing activities was $31.1 million in 2001 compared to cash utilized by investing activities of $51.5 million in 2000. This decrease is primarily due to improvements and renovations to the Centers.

Financing Activities

Cash flow used in financing activities was $32.1 million in 2001 compared to cash used in financing activities of $105.6 million in 2000. The 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 1% to $76.8 million in 2001 from $76.1 million in 2000 (See "Funds From Operations").

Comparison of Three Months Ended June 30, 2001 and 2000

Revenues

Minimum and percentage rents increased by 2.6% to $50.7 million in 2001 from $49.4 million in 2000. Approximately $0.9 million of the increase is attributable to the Same Centers and $0.4 million of the increase relates to the Redevelopment Centers.

Tenant recoveries increased to $27.4 million in 2001 from $24.9 million in 2000. Approximately $2.2 million of the increase is attributable to the Same Centers and $0.3 of the increase relates to the Redevelopment Centers.

Other income increased to $2.6 million in 2001 from $2.0 million in 2000.

Expenses

Shopping center expenses increased to $27.8 million in 2001 compared to $24.2 million in 2000. The increase is a result of increased property taxes and recoverable expenses at the Centers.

Interest Expense

Interest expense increased to $27.5 million in 2001 from $26.9 million in 2000.

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

Results of Operations

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

Depreciation and Amortization

Depreciation and amortization increased to $16.4 million in 2001 from $15.0 million in 2000. The increase is primarily due to greater depreciation at Pacific View Mall.

Income from Unconsolidated Joint Ventures and Management Companies

The income from unconsolidated joint ventures and the Management Companies was $6.6 million for 2001, compared to income of $6.4 million in 2000.

Net Income Available to Common Stockholders

As a result of the foregoing, net income available to common stockholders decreased to $6.8 million in 2001 from $7.6 million in 2000.

Funds From Operations

Primarily because of the factors mentioned above, Funds from Operations - Diluted increased 1% to $38.7 million in 2001 from $38.2 million in 2000 (See "Funds From Operations").

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 six months ending June 30,:

	2001	2000
	(Dollars in millions)	
Renovations, expansions and acquisitions of property, equipment and improvements	$22.1	$12.9
Tenant allowances	5.1	2.5
Deferred charges	5.9	5.4
Total	$33.1	$20.8

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

Liquidity and Capital Resources - Continued:

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. During 1998 and 1999, the Company acquired two portfolios through joint ventures and raised additional capital in 1999 from the sale of interests in two properties to one joint venture partner. The Company believes such joint venture arrangements provide an attractive alternative to other forms of financing, whether for acquisitions or other business opportunities.

The Company's total outstanding loan indebtedness at June 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 63% at June 30, 2001. The Company's debt consists primarily of fixed-rate conventional mortgages payable secured by individual properties.

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 $175.0 million with a maturity of May 2002. There were $144.0 million of borrowings outstanding at June 30, 2001.

At June 30, 2001, the Company had cash and cash equivalents available of $27.4 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:

	Six Months Ended June 30, 2001		2000	
	Shares	Amount	Shares	Amount
	(amounts in thousands)			
Net income - available to common stockholders		$13,245		$13,921
Adjustments to reconcile net income to FFO - basic:				
Minority interest		4,377		4,421
Depreciation and amortization on wholly owned centers		32,491		29,568
Pro rata share of unconsolidated entities' depreciation and amortization		13,320		11,636
Loss (gain) on sale of wholly-owned assets		188		108
Loss on early extinguishment of debt		187		-
Pro rata share of (gain) loss on sale of assets from unconsolidated entities		(123)		413
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		(2,394)		(2,359)
FFO - basic (1)	44,860	61,291	45,073	59,458
Additional adjustments to arrive at FFO - diluted:				
Impact of convertible preferred stock	9,115	9,662	9,115	9,297
Impact of stock options and restricted stock using the treasury method	-	-	401	1,003
Impact of convertible debentures	4,848	5,859	5,186	6,292
FFO - diluted (2)	58,823	$76,812	59,775	$76,050

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

Funds From Operations - Continued:

	Three Months Ended June 30, 2001		2000	
	Shares	Amount	Shares	Amount
	(amounts in thousands)			
Net income - available to common stockholders		$6,826		$7,597
Adjustments to reconcile net income to FFO - basic:				
Minority interest		2,249		2,383
Depreciation and amortization on wholly owned centers		16,387		15,040
Pro rata share of unconsolidated entities' depreciation and amortization		6,800		5,941
Loss (gain) on sale of wholly-owned assets		(132)		106
Loss on early extinguishment of debt		1		-
Pro rata share of (gain) loss on sale of assets from unconsolidated entities		(37)		(11)
Less: Depreciation on personal property and amortization of loan costs and interest rate caps		(1,176)		(1,166)
FFO - basic (1)	44,924	30,918	45,093	29,890
Additional adjustments to arrive at FFO - diluted:				
Impact of convertible preferred stock	9,115	4,831	9,115	4,648
Impact of stock options and restricted stock using the treasury method	-	-	506	545
Impact of convertible debentures	4,847	2,955	5,186	3,145
FFO - diluted (2)	58,886	$38,704	59,900	$38,228

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 June 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 six and three months ending June 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 $0.6 million for the six months ended June 30, 2001 and 2000, respectively; and ($0.2) million and $0.4 million for the three months ended June 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 will defer 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 will be 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 delays 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 amends 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 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 $9.4 million, less minority interest of $2.3 million and amortization of $0.7 million for the six months ended June 30, 2001, would be subtracted from net income to arrive at comprehensive income of $16.4 million for the six months ended June 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 June 30, 2001, the Company reclassified $0.3 million from accumulated other comprehensive income to earnings.

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 June 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	$10,662	$12,952	$53,104	$130,660	$14,021	$976,579	$1,197,978	$1,219,607
Average interest rate	7.40%	7.40%	7.39%	7.41%	7.41%	7.41%	7.42%	-
Fixed rate - Debentures	-	150,848	-	-	-	-	150,848	150,515
Average interest rate	-	7.25%	-	-	-	-	7.25%	-
Variable rate	-	233,250	-	-	-	-	233,250	233,250
Average interest rate	-	5.64%	-	-	-	-	5.64%	-
Total debt - Wholly owned Centers	$10,662	$397,050	$53,104	$130,660	$14,021	$976,579	$1,582,076	$1,603,372
Joint Venture Centers: (at Company's pro rata share)								
Fixed rate	$6,812	$7,538	$8,410	$8,977	$74,468	$475,032	$581,237	$578,199
Average interest rate	6.86%	6.86%	6.86%	6.87%	6.83%	6.83%	6.85%	-
Variable rate	-	8,224	92,250	-	-	40,700	141,174	141,174
Average interest rate	-	7.75%	5.67%	-	-	5.54%	5.75%	-
Total debt - Joint Ventures	$6,812	$15,762	$100,660	$8,977	$74,468	$515,732	$722,411	$719,373
Total debt - All Centers	$17,474	$412,812	$153,764	$139,637	$88,489	$1,492,311	$2,304,487	$2,322,745

On May 2, 2001, the Company refinanced the $36.5 million fixed rate debt on Capitola Mall maturing in 2001. The prior loan was paid in full and a new note was issued for $48.5 million bearing interest at a fixed rate of 7.13% and maturing May 15, 2011. 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 $3.7 million per year based on $374.4 million outstanding at June 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

None

Item 3 Defaults Upon Senior Securities

None

Item 4 Submission of Matters to a Vote of Security Holders

The following matters were voted upon at the Annual Meeting held on May 21, 2001:

A. The following three persons were elected as directors of the Company to serve until the annual meeting of stockholders in 2004 and until their respective successors are duly elected and qualify:

	For	Authority Withheld
Edward C. Coppola	23,079,545	3,098,329
Fred S. Hubbell	26,017,342	160,532
Dr. William P. Sexton	26,016,842	161,032

B. The ratification of the selection of PricewaterhouseCoopers LLP as independent public accountants for the fiscal year ending December 31, 2001.

Votes:	
For:	26,085,922
Against:	21,143
Abstain:	71,277

Item 5 Other Information

None

PART II - Continued:

Item 6 Exhibits and Reports on Form 8-K

10.1 Option/Unrestricted Share Exchange Agreement Dated as of May 11, 2001 between the Company and David J. Contis.

10.2 Option/Stock Unit Exchange Agreement Dated as of May 11, 2001 between the Company and Larry E. Sidwell.

10.3 Amendments to the Amended and Restated 1994 Incentive Plan dated as of May 10, 2001.

10.4 Amendments to the 2000 Incentive Plan dated May 10, 2001.

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: August 14, 2001

THE MACERICH COMPANY (The Company)

Exhibit Index

EXHIBIT 10.1

OPTION/UNRESTRICTED SHARE EXCHANGE AGREEMENT

THIS AGREEMENT, dated as of the 11th day of May, 2001, is between THE MACERICH COMPANY, a Maryland corporation (the "Company") and David J. Contis (the "Executive").

WHEREAS, on May 8, 1997, the Company granted to the Executive stock options to purchase an aggregate of 75,000 shares of the Company's common stock, $.01 par value (the "Common Stock"), with a per share exercise price of $26.50 (the "Existing Options") pursuant to Option Agreements originally issued as of such date (the "Existing Option Agreements");

WHEREAS, as of the date hereof, the Existing Options are 100% vested and exercisable;

WHEREAS, the Committee under The Macerich Company Amended and Restated 1994 Incentive Plan, as amended (the "Plan") has approved, and the Company's Board of Directors has ratified, the cancellation of the Existing Options in exchange for the grant of unrestricted shares of Common Stock under the Plan, at a ratio of 1 share for each Existing Option to purchase 10 shares of Common Stock, for an aggregate 7,500 new shares (the "Shares"); and

WHEREAS, the grant of the Shares, upon the terms and conditions set forth herein, in exchange for the cancellation of the Existing Options is conditioned upon the Executive's cancellation of the Existing Options and the Executive's surrender of the Existing Option Agreements;

NOW THEREFORE, in consideration of the mutual promises made herein, 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. Option Surrender. In consideration of the Company's grant of the Shares, the Executive agrees that the Existing Options are hereby cancelled and the Executive shall concurrently herewith surrender the Existing Option Agreements. The Executive will have no further rights under the Existing Option Agreements or with respect to the Existing Options. The Executive's rights in respect of the Shares will solely be governed by the terms of this Agreement and the Plan.

3. Grant of Shares. Subject to the terms of this Agreement and the Plan, the Company grants to Executive an award of Shares as set forth above. The Company acknowledges receipt of consideration for the Shares on the terms set forth in this Agreement in the form of the cancellation of the Existing Options with a value at least equal to the fair market value, as of the date hereof, of the Shares, which amount is not less than the minimum lawful consideration under Maryland law.

4. Dividend Rights. If a certificate for the Shares is not issued to the Executive prior to any dividend record date after the date hereof, Executive shall be entitled to an amount in cash, on or as soon as practicable after the dividend payment date, equal to the product of the per share dividend and 7,500, without interest.

5. Tax Withholding. The Company shall be entitled to require a cash payment by or on behalf of the Executive and/or to deduct from other compensation payable to the Executive any sums required by federal, state or local tax law to be withheld with respect to the grant of the Shares and any Dividend Right under Section 4. Alternatively, the Executive may elect in such manner and at such time prior to the applicable tax date as may be permitted or required under Section 6.5 of the Plan and rules established by the Committee, to have the Company withhold certain of the Shares at their Fair Market Value to satisfy any withholding obligations of the Company with respect to the grant of the Shares.

6. Plan. The grant of the Shares and all rights of the Executive with respect thereto are subject to, and the Executive agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by reference, to the extent that such provisions are applicable to awards of unrestricted shares of Common Stock. The Executive 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.

7. Compliance with Laws. The issuance of Shares under this Agreement and their resale is subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to federal and state securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Executive agrees, if requested by the Company, to provide such assurances and representations to the Company as the Committee may deem necessary or desirable to assure compliance with all legal requirements.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

THE MACERICH COMPANY	EXECUTIVE
By: Richard A. Bayer	/s/ DAVID J. CONTIS
Its: Executive Vice President and General Counsel	Signature David J. Contis

THE MACERICH COMPANY (The Company)

EXHIBIT 10.2

OPTION/STOCK UNIT EXCHANGE AGREEMENT

THIS AGREEMENT, dated as of the 11th day of May, 2001, is between THE MACERICH COMPANY, a Maryland corporation (the "Company") and Larry E. Sidwell (the "Executive").

WHEREAS, on February 11, 1997, the Company granted to the Executive stock options to purchase an aggregate of 60,000 shares of the Company's common stock, $.01 par value (the "Common Stock"), with a per share exercise price of $26.880 (the "Existing Options") pursuant to Option Agreements originally issued as of such date (the "Existing Option Agreements");

WHEREAS, as of the date hereof, the Existing Options are 100% vested and exercisable;

WHEREAS, the Committee under The Macerich Company Amended and Restated 1994 Incentive Plan, as amended (the "Plan") has approved, and the Company's Board of Directors has ratified, the cancellation of the Existing Options in exchange for the grant of Stock Units under the Plan, at a ratio of 1 Stock Unit for each Existing Option to purchase 10 shares of Common Stock, for an aggregate 6,000 Stock Units (the "Stock Units"); and

WHEREAS, the grant of the Stock Units, upon the terms and conditions set forth herein, in exchange for the cancellation of the Existing Options is conditioned upon the Executive's cancellation of the Existing Options and the Executive's surrender of the Existing Option Agreements.

NOW THEREFORE, in consideration of the mutual promises made herein, 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. Option Surrender. In consideration of the Company's grant of the Stock Units, the Executive agrees that the Existing Options are hereby cancelled and the Executive shall concurrently herewith surrender the Existing Option Agreements. The Executive will have no further rights under the Existing Option Agreements or with respect to the Existing Options. The Executive's rights in respect of the Stock Units will solely be governed by the terms of this Agreement and the Plan.

3. Grant of Stock Units. Subject to the terms of this Agreement and the Plan, the Company grants to Executive an award of Stock Units as set forth above. The Company acknowledges receipt of consideration for the Stock Units on the terms set forth in this Agreement in the form of the cancellation of the Existing Options with a value at least equal to the fair market value, as of the date hereof, of the shares of Common Stock to be issued pursuant to the Stock Units, which amount is not less than the minimum lawful consideration under Maryland law.

4. Vesting of Stock Units. The Stock Units shall be fully vested and non-forfeitable at all times.

5. Dividend and Voting Rights.

(a) Limitations on Rights Associated with Stock Units. The Executive shall have no rights as a stockholder of the Company, no dividend rights (except as expressly provided in Section 5(b) with respect to Dividend Equivalent Rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying or issuable in respect of such Stock Units until such shares of Common Stock are actually issued to and held of record by the Executive. Except as provided in Section 5(b), no adjustments will be made for dividends or other rights of a holder for which the record date is prior to the issuance of the stock certificate.

(b) Dividend Equivalent Rights Distributions. As of any applicable dividend or distribution payment date, the Executive shall receive a payment in the same consideration as paid to stockholders in an amount equal to the amount of the Dividend Equivalent Rights multiplied by the number of Stock Units in the Executive's Stock Unit Account as of the applicable dividend payment date. Notwithstanding the foregoing, if the Stock Units are not credited to the Executive's Stock Unit Account prior to any dividend payment date after the date hereof, Executive shall be entitled to an amount in cash, on or as soon as practicable after the dividend payment date, equal to the product of the per share dividend and 6,000, without interest.

6. Distributions with Respect to Stock Units

(a) Timing and Manner of Distributions. The Stock Units credited to the Executive's Stock Unit Account will be distributed in shares of Common Stock in three equal installments of 33 1/3% on each of the first three anniversaries of the date of this Agreement or, if his employment earlier terminates, within 30 days after such termination of employment or if there is a Change in Control Event, immediately prior thereto. Fractional share interests may be accumulated but shall not be issued. The Executive shall be entitled to an amount in cash in lieu of any fractional share interests that remain upon the final distribution under this Agreement.

(b) Change in Timing of Distributions. Notwithstanding Section 6(a) above, the Executive may elect to change the time of distribution for either of the installment of Stock Unit distributions due on the second or third anniversaries of the date of this Agreement by filing a written change of distribution election form with the Committee on a form approved by the Committee; provided, however, that (1) no such election shall be effective until 12 months after such election is filed with the Committee and (2) no more than three such new elections shall be valid.

(c) Early Distributions. Executive shall be permitted to elect to withdraw not less than 50% of the Stock Units credited to his Stock Unit Account, reduced by the withdrawal penalty described below, prior to the applicable distribution dates ("Early Distributions"), subject to the following restrictions:

(1) The election to take an Early Distribution shall be made in writing on a form provided by and filed with the Committee;

(2) The amount of the Early Distribution shall equal 90% of the number of Stock Units that the Executive has elected to withdraw; provided that if such percentage results in fractional shares, the number of shares subject to the distribution shall be rounded down to the nearest whole number and any fractional share interests shall be paid in cash based on the Fair Market Value of a share of Common Stock on the date that Early Distribution is paid; and

(3) The remaining 10% of the Stock Units that the Executive has elected to withdraw shall be permanently forfeited, and the Executive shall have no rights with respect to such forfeited Stock Units.

(d) Distribution for Unforeseeable Emergencies.

(1) The Executive may request a distribution for an Unforeseeable Emergency without penalty of an amount not greater than the number of Stock Units credited to his Account. Such distribution for an Unforeseeable Emergency shall be subject to approval by the Committee in its sole discretion and may be made only to the extent necessary to satisfy the hardship. The Committee may treat a distribution as necessary for an Unforeseeable Emergency if it relies on the Executive's written representation, without actual knowledge to the contrary, that the hardship cannot reasonably be relieved (1) through timely reimbursement or compensation by insurance or otherwise or (2) by liquidation of the Executive's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship.

(2) For the purposes of this Section 6(d), an "Unforeseeable Emergency" shall mean a severe financial hardship to the Executive resulting from a sudden and unexpected illness or accident of the Executive or a dependent of the Executive, loss to the Executive's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Executive's control. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case. Examples of what are not considered to be Unforeseeable Emergencies include the need to send the Executive's child to college or the desire to purchase a home, absent destruction or severe damage to the Executive's existing home.

7. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company'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 payable with respect to the Stock Units. If any adjustment shall be made under Section 6.2 of the Plan, the Stock Units may be payable in the securities or other consideration payable in respect of the Stock Units. Notwithstanding the foregoing, to the extent that such consideration 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 an interest bearing, FDIC insured (subject to applicable insurance limits) deposits of a depository institution selected by the Committee) in accordance with the distribution dates of the Stock Units. Notwithstanding the foregoing, the Stock Units shall continue to be subject to such proportionate and equitable adjustments (if any) under Section 6.2 of the Plan as the Committee determines to be necessary or appropriate, in the number, kind and/or character of shares of Common Stock or other securities, property and/or other rights payable in respect of the Stock Units and Stock Unit Account credited under the Plan. All rights of the Executive are subject to those adjustments.

EXHIBIT 10.2 - Continued:

8. Tax Withholding. Upon payment of Dividend Equivalent Rights and/or the distribution of shares of Common Stock in respect of the Executive's Stock Unit Account, the Company shall be entitled to require a cash payment by or on behalf of the Executive and/or to deduct from other compensation payable to the Executive any sums required by federal, state or local tax law to be withheld with respect to such payment or distribution. Alternatively, with respect to the distribution of shares, the Executive may elect subject to approval by the Committee and in such manner and at such time prior to the applicable tax date as may be permitted or required under Section 6.5 of the Plan and rules established by the Committee, to have the Company reduce the number of shares to be delivered by the appropriate number of shares valued at their then Fair Market Value to satisfy such withholding obligation.

9. Plan. The grant of the Stock Units and all rights of the Executive with respect thereto are subject to, and the Executive agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by reference, to the extent that such provisions are applicable to Awards granted to Eligible Employees. The Executive 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 Executive unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Committee so conferred by appropriate action of the Committee under the Plan after the date hereof.

10. Limitation on Executive's Rights. 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. The Plan, in and of itself, does not have any assets. The Executive shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and Dividend Equivalent Rights and rights no greater than the right to receive the Common Stock (or equivalent value) as a general unsecured creditor with respect to the Stock Units, as and when payable thereunder.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

THE MACERICH COMPANY	EXECUTIVE
By: Richard A. Bayer	/s/ LARRY E. SIDWELL
Its: Executive Vice President	Signature
and General Counsel	Larry E. Sidwell

EXHIBIT 10.3

THE MACERICH COMPANY
AMENDED AND RESTATED 1994 INCENTIVE PLAN, AS AMENDED
AMENDMENTS AS OF MAY 10, 2001

(1) Subsections (a), (c) and (d) of Section 1.8 "Notes to Finance Exercise or Purchase" are hereby amended in their entirety to read as follows (additional language italicized):

* * *

"(a) In the case of notes in connection with the receipt, exercise or vesting of any outstanding Award, the principal of the note shall not exceed the amount required to be paid to the Corporation upon the exercise or receipt of one or more Awards under this plan and the note shall be delivered directly to the Corporation in consideration of such exercise or receipt.

* * *

"(c) The note shall provide for full recourse to the Participant and shall bear interest at a rate determined by the Committee but not less than the interest rate necessary to avoid the imputation of interest under the Code; provided however, that the Committee, in limited circumstances relating to a change in control of the Company, may provide for the note to be non-recourse to the Participant on such terms as the Committee may approve."

(d) Unless the Committee otherwise expressly provides (but subject to clause (b) above), the unpaid principal balance of the note shall become due and payable on the 10th business day after Termination of Employment of the Participant; provided however, that if a sale of the shares financed by the note would cause such Participant to incur liability under Section 16(b) of the Exchange Act, the unpaid balance shall become due and payable on the 10th business day after the first day on which a sale of such shares could have been made without incurring such liability, assuming for these purposes that there are no other transactions (or deemed transactions) in securities of this Corporation by the Participant subsequent to such termination."

* * *

(2) The caption on Article V shall be amended to read as follows (additional language italicized):

"V. STOCK BONUSES, OTHER CASH OR STOCK PERFORMANCE-BASED AWARDS, STOCK UNITS, DIVIDEND EQUIVALENT RIGHTS AND STOCK AWARDS IN LIEU OF OUTSTANDING AWARDS"

(3) A new Section 5.5 "Grants of Stock in Lieu of other Awards" shall be added to Article V to read as follows:

"The Committee in its discretion may also grant shares of Common Stock on a restricted or unrestricted basis hereunder in lieu of any outstanding Award hereunder, upon such terms and conditions as determined time to time by the Committee. The number of shares so awarded shall be determined by the Committee; provided however, in no case may any such awards of shares be granted to the extent that it will cause an Eligible Person to Beneficially or Constructively Own Equity Shares in excess of the Ownership Limit."

(4) The definition of "Subsidiary" contained in Section 7.1 is amended to read as follows:

""Subsidiary" shall mean The Macerich Partnership, L.P., Macerich Management Company, Macerich Property Management Company, LLC, or any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation."

EXHIBIT 10.4

THE MACERICH COMPANY
2000 INCENTIVE PLAN
AMENDMENTS AS OF MAY 10, 2001

(1) Subsections (a), (c) and (d) of Section 1.8 "Notes to Finance Exercise or Purchase" are hereby amended in their entirety to read as follows (additional language italicized):

* * *

"(a) In the case of notes in connection with the receipt, exercise or vesting of any outstanding Award, the principal of the note shall not exceed the amount required to be paid to the Corporation upon the exercise or receipt of one or more Awards under this plan and the note shall be delivered directly to the Corporation in consideration of such exercise or receipt.

* * *

"(c) The note shall provide for full recourse to the Participant and shall bear interest at a rate determined by the Committee but not less than the interest rate necessary to avoid the imputation of interest under the Code; provided however, that the Committee, in limited circumstances relating to a change in control of the Company, may provide for the note to be non-recourse to the Participant on such terms as the Committee may approve."

(d) Unless the Committee otherwise expressly provides (but subject to clause (b) above), the unpaid principal balance of the note shall become due and payable on the 10th business day after Termination of Employment of the Participant; provided however, that if a sale of the shares financed by the note would cause such Participant to incur liability under Section 16(b) of the Exchange Act, the unpaid balance shall become due and payable on the 10th business day after the first day on which a sale of such shares could have been made without incurring such liability, assuming for these purposes that there are no other transactions (or deemed transactions) in securities of this Corporation by the Participant subsequent to such termination."

* * *

(2) The caption on Article V shall be amended to read as follows (additional language italicized):

"V. STOCK BONUSES, OTHER CASH OR STOCK PERFORMANCE-BASED AWARDS, STOCK UNITS, DIVIDEND EQUIVALENT RIGHTS AND STOCK AWARDS IN LIEU OF OUTSTANDING AWARDS"

(3) A new Section 5.5 "Grants of Stock in Lieu of other Awards" shall be added to Article V to read as follows:

"The Committee in its discretion may also grant shares of Common Stock on a restricted or unrestricted basis hereunder in lieu of any outstanding Award hereunder, upon such terms and conditions as determined time to time by the Committee. The number of shares so awarded shall be determined by the Committee; provided however, in no case may any such awards of shares be granted to the extent that it will cause an Eligible Person to Beneficially or Constructively Own Equity Shares in excess of the Ownership Limit."

(4) The definition of "Subsidiary" contained in Section 7.1 is amended to read as follows:

""Subsidiary" shall mean The Macerich Partnership, L.P., Macerich Management Company, Macerich Property Management Company, LLC, or any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation."