

MACERICH CO  
 Form 424B7  
 July 02, 2010  
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Filed Pursuant to Rule 424(b)(7)  
 Registration No. 333-155742

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered (1)</b>	<b>Proposed Maximum Offering Price Per Unit (2)</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Common Stock, \$0.01 par value per share	10,280,002	\$ 37.68	\$ 387,350,475	\$ 27,618.09

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- (1) Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement also covers such additional shares as may hereafter be offered or issued with respect to the shares registered hereby resulting from stock splits, stock dividends, recapitalizations or similar capital adjustments.
- (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) of the Securities Act of 1933. Based on the average of the high and low prices for the common stock on June 29, 2010, as reported by the New York Stock Exchange.

**PROSPECTUS SUPPLEMENT**  
**(To Prospectus Dated November 26, 2008)**

**10,186,378 Shares**

**Common Stock Underlying OP Units**

**93,624 Shares**

**Common Stock**

This prospectus supplement is a supplement to the accompanying prospectus and relates to the holders of our common units of limited partnership interest, or OP units, in The Macerich Partnership, L.P. (the Operating Partnership) named herein (the OP unit holders). The OP

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units may be redeemed at the request of the OP unit holder and we may elect to redeem them for cash or shares of our common stock on a one-for-one basis. Currently, there are no outstanding redemption requests from the OP unit holders.

This prospectus supplement covers the potential offer and sale, from time to time, by the OP Unit holders of up to 10,186,378 shares of our common stock that may be issued to such OP unit holders upon redemption of an equal number of OP units. The OP unit holders may only offer these shares of our common stock if upon any request for redemption we exercise our right to issue our common stock to them instead of paying a cash amount. The registration of the shares of our common stock covered by this prospectus supplement satisfies any contractual obligation, but does not necessarily mean that any of the holders of OP units will exercise their redemption rights or that upon any such redemption we will elect, in our sole and absolute discretion, to redeem some or all of the OP units for shares of our common stock instead of paying a cash amount. This prospectus supplement also covers the potential offer and sale of 93,624 shares of our common stock that were received by two OP unit holders upon redemption of a portion of their OP units.

The OP unit holders will act independently in making decisions with respect to the timing, manner and size of any sale or non-sale related transfer. The OP unit holders may sell these shares in one or more transactions at the market price for our common stock prevailing at the time of sale, a price related to the prevailing market price, a negotiated price or such other price as the OP unit holders determine from time to time. See Plan of Distribution. Our common stock trades on the New York Stock Exchange under the symbol MAC. On June 30, 2010, the closing sale price of our common stock was \$37.32 per share.

**Investing in the common stock involves risks. See Risk Factors beginning on page S-3.**

We will not receive any proceeds from the sale by the OP unit holders of the common stock. We will pay all expenses of the registration of the common stock and certain other expenses.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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The date of this prospectus supplement is July 2, 2010.

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**PROSPECTUS**

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**PROSPECTUS SUPPLEMENT SUMMARY**

We are involved in the acquisition, ownership, development, redevelopment, management, and leasing of regional and community shopping centers located throughout the United States. We are the sole general partner of, and own a majority of the ownership interests in, our Operating Partnership. As of June 30, 2010, the Operating Partnership owned or had an ownership interest in 71 regional shopping centers and 14 community shopping centers aggregating approximately 74 million square feet of gross leasable area.

We are a self-administered and self-managed real estate investment trust, or REIT, and conduct all of our operations through the Operating Partnership and our management companies.

We were organized as a Maryland corporation in September 1993. Our principal executive offices are located at 401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401. Our telephone number is (310) 394-6000. Our website address is [www.macerich.com](http://www.macerich.com). Information on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

Unless otherwise stated, or the context otherwise requires, references in this prospectus supplement to the Company, we, us and our refer to The Macerich Company, those entities owned or controlled by The Macerich Company and predecessors of The Macerich Company.

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**The Offering**

Securities Offered

Up to 10,186,378 shares of our common stock that may be issued to the OP unit holders upon redemption for an equal number of OP units of our Operating Partnership. Currently, there are no outstanding redemption requests from the OP unit holders.

Up to 93,624 shares of our common stock that were received by two OP unit holders upon redemption of a portion of their OP units

The Operating Partnership issued the OP units to the OP unit holders from 1994 through 2005 in connection with various acquisitions by the Operating Partnership.

Pursuant to the limited partnership agreement of our Operating Partnership, holders of OP units may tender their OP units for a cash amount equal to the value of an equivalent number of shares of our common stock. In lieu of paying a cash amount, however, we may, at our option, choose to acquire any OP units so tendered by issuing common stock upon redemption of such OP units. The common stock is redeemed for OP units on a one-for-one basis. Under the terms of the limited partnership agreement of our Operating Partnership, these OP units were not redeemable until after the first anniversary of the issuance date of such OP units.

The registration of the shares of our common stock covered by this prospectus supplement satisfies any contractual obligation, but does not necessarily mean that (i) any of the holders of OP units will exercise their redemption rights, (ii) that upon any such redemption we will elect, in our sole and absolute discretion, to redeem some or all of the OP units for shares of our common stock instead of paying a cash amount or (iii) that if any of the holders of OP units receive shares of our common stock upon redemption of their OP units that they will sell such shares.

Use of Proceeds

We will not receive any proceeds from any sale of shares by the OP unit holders. The OP unit holder will pay any underwriting discounts and commissions and expenses they incur for brokerage, accounting, tax or legal services or any other expenses they incur in disposing of the shares.

New York Stock Exchange Symbol

MAC

Risk Factors

Before investing in our common stock, you should carefully read and consider the information set forth in Risk Factors beginning on page S-3 of this prospectus supplement and all other information appearing elsewhere and in the documents incorporated herein by reference.



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**RISK FACTORS**

*In addition to other information contained in this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below and in the documents incorporated by reference in this prospectus supplement before making an investment decision. These risks are not the only ones facing our Company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of the Common Stock could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in the documents incorporated herein by reference, including (i) Macerich's Annual Report on Form 10-K for the year ended December 31, 2009, (ii) Macerich's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and (iii) documents Macerich files with the SEC after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement.*

**The price of our common stock has and may continue to fluctuate significantly, which may make it difficult for you to sell the common stock when you want or at prices you find attractive.**

The price of our common stock on the New York Stock Exchange constantly changes and has been subject to significant price fluctuations. We expect that the market price of our common stock will continue to fluctuate significantly. Our stock price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors may include:

- actual or anticipated variations in our operating results or dividends;
  
- changes in our funds from operations or earnings estimates;
  
- changes in the ability of our shopping centers to generate sufficient revenues to meet operating and other expenses, whether as a result of economic conditions, consumer spending and consumer confidence, local real estate conditions or otherwise;
  
- local economic and real estate conditions in geographic locations where we have a high concentration of centers;
  
- competition by public or private mall companies or others, including competition for both acquisition of centers and for tenants to occupy space;

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- the ability of our tenants to pay rent to us and meet their other obligations to us under current lease terms and our ability to lease space on favorable terms;
- the success of our acquisition and real estate development strategy;
- our ability to comply with the financial covenants in our debt agreements and the impact of restrictive covenants in our debt agreements;
- our access to financing;
- inflation and increases in interest rates;
- our ability to comply with current and future regulations with respect to our qualification as a REIT and restrictions imposed on us and our business by those regulations;
- the risk that if we fail to qualify as a REIT, we will have reduced funds available for distributions, will not be allowed a deduction for distributions, and will be subject to U.S. federal income tax at regular corporate rates;
- our ability to comply with our joint venture agreements and other risks associated with our joint venture investments;



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- possible uninsured losses, including losses from casualty events or natural disasters, and possible environmental liabilities;
- the impact of an ownership limit and anti-takeover defenses in our charter and bylaws and under Maryland law;
- any future issuances of equity securities;
- general market fluctuations, industry factors and general economic and geopolitical conditions and events, such as economic slowdowns or recessions, consumer confidence in the economy, ongoing military conflicts and
- the realization of any of the other risk factors included in, or incorporated by reference to, this prospectus supplement.

In addition, the stock market in general has recently experienced extreme volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

**USE OF PROCEEDS**

We will not receive any proceeds from any sale by the OP unit holders of the common stock offered by this prospectus supplement.

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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

*This section updates and replaces in its entirety the section in the accompanying prospectus entitled "Certain United States Federal Income Tax Considerations."*

The following discussion summarizes the material U.S. federal income tax considerations regarding our qualification and taxation as a REIT and the material U.S. federal income tax considerations to U.S. Holders and Non-U.S. Holders (each as defined below) of the purchase, ownership and disposition of our common stock. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), the final and temporary Treasury regulations promulgated thereunder and administrative rulings and judicial decisions now in effect, all of which are subject to change (possibly with retroactive effect) or different interpretations. This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to an investor's decision to purchase shares of our common stock, nor any tax consequences arising under the laws of any state, locality or foreign jurisdiction or under any federal tax laws other than U.S. federal income tax laws. This summary does not address all tax considerations that may be relevant to a prospective investor based on such investor's particular circumstances, and is not intended to be applicable to all categories of investors that may be subject to special treatment under the Code, including but not limited to dealers in securities, banks, thrifts, or other financial institutions, insurance companies, regulated investment companies, tax-exempt organizations, U.S. expatriates, persons that hold common stock as part of a straddle, conversion transaction, or hedge, partnerships or other pass-through entities and persons holding our common stock through a partnership or other pass-through entity, a holder who received our common stock through the exchange of employee stock options or otherwise as compensation, persons deemed to sell our common stock under the constructive sale provisions of the Code, persons whose functional currency is other than the U.S. dollar, holders subject to the alternative minimum tax, foreign governments or international. In addition, this discussion is limited to persons who hold our common stock as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Code.

The sections of the Code relating to qualification and operation as a REIT, and the U.S. federal income tax treatment of a REIT and its stockholders, are highly technical and complex. The following discussion sets forth only certain material aspects of those sections. This summary is qualified in its entirety by the applicable Code provisions and the related rules and Treasury regulations.

**THIS SECTION IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING THE SPECIFIC FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO YOU REGARDING THE PURCHASE, OWNERSHIP AND SALE OF OUR COMMON STOCK BEING OFFERED BY THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. YOU SHOULD ALSO CONSULT WITH YOUR TAX ADVISOR REGARDING THE IMPACT OF POTENTIAL CHANGES IN THE APPLICABLE TAX LAWS.**

**Taxation of Our Company**

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with our taxable year ending December 31, 1994. We believe that we are organized and have operated in a manner that qualifies us for taxation as a REIT under the Code. We further believe that our proposed future method of operation will enable us to continue to qualify as a REIT. However, no assurances can be given that our beliefs or expectations will be fulfilled, since qualification as a REIT depends on our continuing to satisfy numerous asset, income and distribution tests described below, which in turn depends, in part, on our operating results.

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We generally are not subject to U.S. federal income tax on the portion of our taxable income or capital gain that is distributed to stockholders annually as long as we qualify as a REIT. This treatment substantially eliminates the double taxation (at the corporate and stockholder levels) that typically results from investment in a corporation.

Notwithstanding our qualification as a REIT, we are subject to U.S. federal income tax as follows:

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- we are taxed at normal corporate rates on any undistributed net income (including undistributed net capital gains);
  
- if we fail to satisfy either the 75% or the 95% gross income tests (discussed below), but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on the greater of (1) the amount by which we fail the 75% test and (2) the amount by which we fail the 95% test, in either case multiplied by a fraction intended to reflect our profitability;
  
- if we should fail to satisfy the asset tests or other requirements applicable to REITs, as described below, yet nonetheless maintain our qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, we may be subject to an excise tax;
  
- we are subject to a tax of 100% on net income from any prohibited transaction;
  
- we are subject to tax, at the highest corporate rate, on net income from (1) the sale or other disposition of foreclosure property that is held primarily for sale to customers in the ordinary course of business or (2) other non-qualifying income from foreclosure property;
  
- if we fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for the year, (2) 95% of our REIT capital gain income for the year and (3) any undistributed taxable income from prior years, we will be subject to a 4% excise tax on the excess of the required distribution over the sum of (a) the amounts actually distributed plus (b) the amounts with respect to which certain taxes are imposed on us;
  
- if we acquire any asset from a C corporation (that is, a corporation generally subject to the full corporate level tax) in a transaction in which the basis of the asset in our hands is determined by reference to the basis of the asset in the hands of the C corporation, and we recognize gain on the disposition of the asset during a ten-year period (seven-year period with respect to any such gain recognized during any taxable year beginning in 2009 or 2010) beginning on the date that we acquired the asset, then the asset's built-in gain generally will be subject to tax at the highest regular corporate rate;
  
- we are subject to the corporate alternative minimum tax, and may be subject to additional taxes if we find ourselves in situations not presently contemplated; and
  
- a 100% tax may be imposed on certain transactions between us and our taxable REIT subsidiaries that do not reflect arm's length terms.

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Our management companies that are referred to as taxable REIT subsidiaries (within the meaning of Section 856(l)(1) of the Code), including Macerich Management Company and Westcor Partners, L.L.C., are taxed on their income at regular corporate rates. We use the calendar year both for U.S. federal income tax purposes and for financial reporting purposes.

### **Requirements for Qualification**

To qualify as a REIT for U.S. federal income tax purposes, we must elect to be treated as a REIT, and we must meet various (a) organizational requirements, (b) gross income tests, (c) asset tests and (d) annual distribution requirements.

*Organizational Requirements.* We must be organized as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- (3) that would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;

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- (4) that is neither a financial institution nor an insurance company subject to specified provisions of the Code;
- (5) the beneficial ownership of which is held by 100 or more persons;
- (6) during the last half of each taxable year not more than 50% in value of the outstanding stock of which is owned, directly or indirectly, or by application of certain constructive ownership rules, by five or fewer individuals (as defined in the Code to include some entities that would not ordinarily be considered individuals); and
- (7) that meets other tests, described below, regarding the nature of its income and assets.

The Code provides that conditions (1) through (4) must be met during our entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Our charter provides for restrictions regarding transfer of our capital stock in order to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. These transfer restrictions are described in "Description of Our Capital Stock Restrictions on Transfer and Ownership" in the accompanying prospectus.

We are treated as having satisfied condition (6) above if we comply with the regulatory requirements to request information from our stockholders regarding their actual ownership of our stock, and do not know, or in exercising reasonable diligence would not have known, that we failed to satisfy this condition. If we fail to comply with these regulatory requirements for any taxable year, we will be subject to a penalty of \$25,000, or \$50,000 if such failure was intentional. However, if our failure to comply was due to reasonable cause and not willful neglect, no penalties will be imposed.

**Gross Income Tests.** We must satisfy the following two separate gross income tests each year:

- **75% Gross Income Test.** At least 75% of our gross income (excluding gross income from prohibited transactions, income from certain hedging transactions entered into after July 30, 2008, and certain foreign currency gains recognized after July 30, 2008) must consist of income derived directly or indirectly from investments relating to real property or mortgages on real property (generally including rents from real property, dividends from other REITs, and, in some circumstances, interest on mortgages), or some types of temporary investment income.
- **95% Gross Income Test.** At least 95% of our gross income (excluding gross income from prohibited transactions, income from certain hedging transactions, and certain foreign currency gains recognized after July 30, 2008) must consist of items that satisfy the 75% gross income test and certain other items, including dividends, interest and gain from the sale or disposition of stock or securities (or from any combination of these types of income).

**Rents from Real Property.** Rents received by us qualify as rents from real property in satisfying the gross income tests described above if the following conditions are met. First, the amount of rent must not be based, in whole or in part, on the income or profits of any person. An amount received or accrued generally is not excluded from the term rents from real property solely because the amount is based on a fixed percentage or percentages of receipts or sales. Second, we, or an owner of 10% or more of our equity securities, must not directly or constructively own 10% or more of a tenant. Third, if more than 15% of the total rent we receive under a lease is attributable to personal property leased in connection with a lease of real property, then the portion of rent attributable to that personal property does not qualify as rents from real property. Finally, we generally must not operate or manage the property, or furnish or render services to the tenants of the property, other than through an independent contractor from whom we do not derive revenue. However, we may directly perform services that are usually or customarily rendered in connection with the rental of space for occupancy only or are not otherwise considered rendered to the occupant for its convenience. A *de minimis* amount of up to 1% of the gross income may be received by us from each property from the provision of non-customary services without disqualifying all other amounts received from that property as rents from real property.

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However, the *de minimis* amount itself will not qualify as rents from real property for purposes of the 75% and 95% gross income tests. In addition, we may furnish certain services (including non-customary services) through a taxable REIT subsidiary, which includes a corporation other than a REIT in which we hold stock and that has made a joint election with us to be treated as a taxable REIT subsidiary. As mentioned above, a taxable REIT subsidiary is subject to U.S. federal income tax at regular corporate rates.

For purposes of the above, rents received from a tenant that is a taxable REIT subsidiary, however, will not be excluded from the definition of rents from real property if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by our taxable REIT subsidiary are substantially comparable to rents by our other tenants for comparable space. Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, or modified, if such modification increases the rents due under such lease. Notwithstanding the foregoing, however, if a lease with a controlled taxable REIT subsidiary is modified and such modification results in an increase in the rents payable by such taxable REIT subsidiary, any such increase will not qualify as rents from real property. For purposes of this rule, a controlled taxable REIT subsidiary is a taxable REIT subsidiary in which we own stock representing more than 50% of the total voting power or value of the outstanding stock of such taxable REIT subsidiary.

Certain of our affiliates, including Macerich Property Management Company, LLC and Macerich Westcor Management LLC, have provided and will continue to provide services with respect to shopping centers wholly owned by us (Centers) and any newly-acquired, wholly-owned property of the Operating Partnership or certain of our property partnerships. We believe that all of the services so provided were and will be of the type usually or customarily rendered in connection with the rental of space for occupancy only. Therefore, the provision of those services will not cause the rents received with respect to the Centers or newly-acquired centers to fail to qualify as rents from real property for purposes of the 75% and 95% gross income tests. In addition, we have elected taxable REIT subsidiary status with respect to certain of our affiliates. If the Operating Partnership or a property partnership contemplates providing services in the future that reasonably might be expected to fail the usual or customary standard, it will arrange to have those services provided by an independent contractor from whom neither the Operating Partnership nor any property partnership receives any income, or by one of our taxable REIT subsidiaries.

**Prohibited Transactions.** Net income from prohibited transactions is subject to a 100% tax. The term prohibited transaction generally includes a sale or other disposition of property (other than foreclosure property) that is held primarily for sale to customers in the ordinary course of a trade or business. We believe that none of the assets owned by the Operating Partnership, the property partnerships, or us are held for sale to customers. Further, the sale of any Center and associated property will not be in the ordinary course of business of the Operating Partnership, the relevant property partnership or us. We will attempt to comply with the terms of the safe harbor provisions in the Code prescribing when asset sales will not be characterized as prohibited transactions. However, we may not always comply with the safe harbor and, in the absence of the safe harbor, whether property is held primarily for sale to customers in the ordinary course of a trade or business depends on the facts and circumstances, including those related to a particular property. As such, complete assurance cannot be given that we can comply with the safe harbor provisions of the Code or avoid owning property that may be characterized as property held primarily for sale to customers in the ordinary course of business.

**Effect of Subsidiary Entities.** In the case of a REIT that is a partner in a partnership, Treasury regulations provide that for purposes of applying the gross income and assets tests the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the character of the assets and gross income of the partnership will remain the same in the hands of the REIT for U.S. federal income tax purposes. Thus, our proportionate share of the assets, liabilities and items of income of the Operating Partnership and our property partnerships will be treated as our assets, liabilities and items of income for purposes of applying the gross income and assets tests described in this prospectus supplement.



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Our investment in the Centers directly or indirectly through the Operating Partnership and property partnerships should give rise to qualifying income in the form of rents and gains on the sales of Centers.

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Substantially all income derived by us from our taxable REIT subsidiaries will be in the form of dividends on the stock and equity interests owned by the Operating Partnership. While these dividends only satisfy the 95% (and not the 75%) gross income test, we anticipate that non-qualifying income on our investments (including dividend income) will not result in our failing any of the gross income tests.

**Redetermined Rents.** Any redetermined rents, redetermined deductions or excess interest we generate will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of our tenants by one of our taxable REIT subsidiaries, and redetermined deductions and excess interest represent amounts that are deducted by a taxable REIT subsidiary for amounts paid to us that are in excess of the amounts that would have been deducted based on arm's length negotiations. Rents we receive will not constitute redetermined rents if they qualify for the safe harbor provisions contained in the Code. Safe harbor provisions generally apply where:

- amounts are excluded from the definition of impermissible tenant service income as a result of satisfying the 1% *de minimis* exception;
- the taxable REIT subsidiary renders a significant amount of similar services to unrelated parties, and the charges for such services are substantially comparable;
- rents paid to the REIT by tenants who are not receiving services from the taxable REIT subsidiary are substantially comparable to the rents paid by the REIT's tenants leasing comparable space who are receiving such services from the taxable REIT subsidiary, and the charge for services is separately stated; or
- the taxable REIT subsidiary's gross income from the services is not less than 150% of the subsidiary's direct cost in furnishing or rendering the service.

**Relief Provisions for Failing the 75% or the 95% Gross Income Tests.** If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are entitled to relief under provisions of the Code. Relief provisions are generally available if:

- following our identification of the failure to meet the 75% or 95% gross income tests for any taxable year, we file a schedule with the Internal Revenue Service (the IRS) setting forth each item of our gross income for purposes of the 75% or 95% gross income tests for such taxable year in accordance with forthcoming Treasury regulations; and
- our failure to meet these tests was due to reasonable cause and not willful neglect.

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However, it is not possible to state whether in all circumstances we would be entitled to the benefit of these relief provisions. As discussed above in Taxation of Our Company, even if the relief provisions apply, a tax will be imposed with respect to some or all of our excess nonqualifying gross income, reduced by approximated expenses.

**Asset Tests.** We must satisfy the following four tests relating to the nature of our assets at the close of each quarter of our taxable year:

- at least 75% of the value of our total assets must be represented by real estate assets (including (1) our allocable share of real estate assets held by partnerships in which we own an interest, (2) stock or debt instruments held for not more than one year purchased with the proceeds of a stock offering or long-term (at least five years) debt offering of our company, cash, cash items and government securities and (3) stock in other REITs);
- not more than 25% of our total assets may be represented by securities other than those in the 75% asset class;

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- of the investments included in the 25% asset class, the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets (unless the issuer is a taxable REIT subsidiary), and we may not own more than 10% of the vote or value of any one issuer's outstanding securities (unless the issuer is a taxable REIT subsidiary or we can avail ourselves of the rules relating to certain securities and straight debt summarized below); and
- not more than 20% of the value of our total assets (25% for taxable years beginning after July 30, 2008) may be represented by securities of one or more taxable REIT subsidiaries.

For purposes of these tests, the term securities does not include equity or debt securities of a qualified REIT subsidiary, mortgage loans that constitute real estate assets, other securities included in the 75% asset class above, or equity interests in a partnership. The term securities, however, generally includes debt securities issued by a partnership or another REIT. However, straight debt securities and certain other obligations, including loans to individuals or estates, certain specified loans to partnerships, certain specified rental agreements and securities issued by REITs are not treated as securities for purposes of the 10% value asset test. Straight debt means a written unconditional promise to pay on demand or on a specified date a sum certain in cash if (i) the debt is not convertible, directly or indirectly, into stock, (ii) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors (subject to certain specified exceptions), and (iii) the issuer is either not a corporation or partnership, or the only securities of the issuer held by us, and certain of our taxable REIT subsidiaries, subject to a *de minimis* exception, are straight debt and other specified assets.

Our investment in the Centers through our interest in the Operating Partnership and property partnerships will constitute qualified assets for purposes of the 75% asset test.

The Operating Partnership owns 100% of the outstanding stock of Macerich Management Company, which has elected taxable REIT subsidiary status. In addition, the Operating Partnership owns indirectly 100% of the interests in Westcor Partners, L.L.C., which also has elected taxable REIT subsidiary status. Because we have a partnership interest in the Operating Partnership, we are deemed to own our pro rata share of the assets of the Operating Partnership, including the securities of Macerich Management Company and the interests in Westcor Partners, L.L.C. Macerich Property Management Company, LLC and Macerich Westcor Management LLC are both single member limited liability companies that are disregarded for U.S. federal income tax purposes.

Because the management companies are either taxable REIT subsidiaries or are disregarded entities for U.S. federal income tax purposes, the Operating Partnership does not violate the limitation on holding more than 10% of the voting securities of any one issuer. In addition, not more than 20% (25% for taxable years beginning after July 30, 2008) of our total assets consists of securities issued by the management companies that have elected taxable REIT subsidiary status.

The above asset tests must be satisfied not only on the date that we acquire, directly or through the Operating Partnership, securities in the applicable issuer, but also in each quarter we acquire any security or other property, including as a result of increasing our interest in the Operating Partnership. After initially meeting the asset tests at the beginning of any quarter, we will not lose our REIT status if we fail to satisfy the asset tests at the end of a later quarter solely by reason of changes in the relative values of our assets. If the failure to satisfy the asset tests results from the acquisition of securities or other property during a quarter, the failure can be cured by a disposition of sufficient non-qualifying assets or acquisition of sufficient qualifying assets within 30 days after the close of that quarter. Although we believe we have satisfied the asset tests and plan to take steps to ensure that we satisfy such steps for any quarter with respect to which retesting is to occur, there can be no assurance that such steps will always be successful, or will not require a reduction in the Operating Partnership's overall interest in an issuer. If

we fail to cure the noncompliance with the asset tests within this 30-day period, we could fail to qualify as a REIT.

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In certain cases, we may avoid disqualification for any taxable year if we fail to satisfy the asset tests after the 30-day cure period. We will be deemed to have met certain of the REIT asset tests if the value of our non-qualifying assets for such tests (i) does not exceed the lesser of (a) 1% of the total value of our assets at the end of the applicable quarter or (b) \$10,000,000, and (ii) we dispose of the non-qualifying assets within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by forthcoming Treasury regulations. For violations due to reasonable cause rather than willful neglect that are in excess of the *de minimis* exception described above, we may avoid disqualification as a REIT, after the 30-day cure period, by taking steps including (i) the disposition of sufficient assets to meet the asset test within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by forthcoming Treasury regulations, (ii) paying a tax equal to the greater of (a) \$50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the non-qualifying assets, and (iii) disclosing certain information to the IRS. If we fail the asset test and cannot avail ourselves of these relief provisions, we may fail to qualify as a REIT.

**Annual Distribution Requirements.** We are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (1) 90% of our REIT taxable income (computed without regard to the dividends paid deduction and our net capital gain) and (2) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of specified items of noncash income. Dividends must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for that year and if paid on or before the first regular dividend payment after the declaration. To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed amount at regular ordinary and capital gains corporate tax rates, as applicable. We may designate all or a portion of our undistributed net capital gains as being includable in the income of our stockholders as gain from the sale or exchange of a capital asset. If so, the stockholders receive an increase in the basis of their stock in the amount of the income recognized. Stockholders are also to be treated as having paid their proportionate share of the capital gains tax imposed on us on the undistributed amounts and receive a corresponding decrease in the basis of their stock. Furthermore, if we should fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for that year, (2) 95% of our REIT capital gain net income for that year and (3) any undistributed taxable income from prior periods, we would be subject to a 4% excise tax on the excess of the required distribution over the sum of (a) the amounts actually distributed and (b) the undistributed amounts on which certain taxes are imposed on us. We have made and intend to make timely distributions sufficient to satisfy all annual distribution requirements.

From time to time, we may experience timing differences between (1) the actual receipt of income and actual payment of deductible expenses and (2) the inclusion of that income and deduction of those expenses in arriving at our taxable income. Further, from time to time, we may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds our allocable share of cash attributable to that sale. Additionally, we may incur cash expenditures that are not currently deductible for tax purposes. As such, we may have less cash available for distribution than is necessary to meet our annual 90% distribution requirement or to avoid tax with respect to capital gain or the excise tax imposed on specified undistributed income. To meet the 90% distribution requirement necessary to qualify as a REIT, or to avoid tax with respect to capital gain or the excise tax imposed on specified undistributed income, we may find it appropriate to arrange for short-term (or possibly long-term) borrowings or to pay distributions in the form of taxable stock dividends (discussed immediately below). We are required to arrange through the Operating Partnership any borrowings for the purpose of making distributions to stockholders.

The IRS has published guidance that provides temporary relief for a publicly-traded REIT to satisfy the annual distribution requirement with distributions consisting of its stock and at least a minimum percentage of cash. Pursuant to this IRS guidance, a REIT may treat the entire amount of a distribution consisting of both stock and cash as a qualifying distribution for purposes of the annual distribution requirement if the following requirements are met: (1) the distribution is made by the REIT to its stockholders with respect to its stock; (2) stock of the REIT is publicly traded on an established securities market in the United States; (3) the distribution is declared on or before December 31, 2012 with respect to a taxable year ending on or before December 31, 2011; (4) pursuant to such declaration, each stockholder may elect to receive its proportionate

