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## Macerich Co. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Lou Taylor - Deutsche Bank.

#### Lou Taylor – Deutsche Bank

Are can you just expand a little bit on Mervyn? Of your locations, that I mean the 41, are you going to have to bid at auction to get full control over this space or are you going to get it completely back and have freedom to negotiate?

#### Art Coppola

If there's no other bidders the answer is we get it fully back, but if you think about it as a sandwich we've got the ground leasehold position or the building withhold position on the one end and then we are protecting ourselves at the auction to make sure that we control the identity of the ultimate assignee and we are bidding in a percentage of our rejection damages which are really somewhat soft dollars or future dollars and in terms of dollars those are bids.

So we have controls of the real estate not only through the sale lease back, through the REA's that we have, that encumbered these promises, but we also do have a shadow bid sitting out there for all of these locations. I would be shocked if anyone of these locations end up in the hands of the retailer that we would prefer to have had another retailers take, so we are in very good control position.

We have a senior executive on the credit risk committee, the seven men and women credit risk committee of Mervyn's and adding myself are very close to and have a working relationship with the Board of Directors of Mervyn. So, we feel that we are in a unique position to control our destiny, which was the really the business plan a year ago, when we bought these 41 stores.

#### Lou Taylor – Deutsche Bank

Are all these stores subject to auction? I mean as the process under winds or is it just some smaller percentage?

#### Art Coppola

Those stores which have not been spoken for by the auction date will be subject to auction, but I suspect that there will be a significant number of stores that will end up being sold to a major retail player prior to the time that they go auction. As many as my guess is 37 stores up to 40 stores will be acquired by major retailer and/or retailers, before they ever get auction and actually about the way

that I suspect it will play out, than a major retailer and our retail spoken for over half of the 41 stores that we have with Mervyn, before they ever hit the auction block.

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