

Total other income, excluding consolidated Simon Brand and Simon Business initiatives, increased \$9.0 million. This included the net \$3.2 million decrease in other income from the Property Transactions and a \$19.9 million increase in outlot land parcel sales at comparable Properties. In addition, the increase included the impact of our hedges of the Rodamco acquisition, which positively impacted operating income by \$7.1 million in 2002 as compared to 2001 (\$7.8 million is included in other income and \$0.7 million of expense is included in other expenses). These increases were offset by \$5.7 million in fee income recorded in 2001 associated with services provided to the Management Company in connection with the right to designate persons or entities to whom the Montgomery Ward LLC real estate assets were to be sold (the "Kimsward transaction"). Also offsetting these increases was a \$2.7 million decrease in lease settlements and a \$3.8 million decrease in interest income due to the lower interest rate environment.

Consolidated revenues from Simon Brand and Simon Business initiatives increased \$6.1 million to \$80.9 million from \$74.8 million. The increase included the \$8.6 million of revenue, net, resulting from the settlement with Enron Corporation that was partially offset by a \$5.6 million contract cash termination payment recognized in 2001. The contract cash termination payment was received to terminate a provision within the overall Enron contract that eliminated our right to invest in and participate in savings from the contractor's installation of energy efficient capital equipment.

The increase in our recovery revenues of \$36.5 million resulted from the Property Transactions and increased recoverable expenditures including increased insurance costs and utility expenditures. The increased insurance costs were due to increased premiums for terrorism and general liability insurance. Utility expenses increased primarily due to the loss of our energy contract with Enron. These expense increases were partially offset by decreased repairs and maintenance and advertising and promotional expenditures.

Depreciation and amortization expense increased \$13.8 million primarily from the increase in depreciation expense from the Property Transactions. In 2001, we recorded an impairment charge of \$47.0 million to adjust the nine assets held for sale to their estimated fair value. Other expenses decreased \$3.7 million, including a \$5.5 million net decrease from the Property Transactions. These expenses include \$4.0 million of expense in 2002 related to litigation settlements and \$2.7 million from the write-off of our last remaining technology investment. In 2001, we wrote down an investment by \$3.0 million and we wrote off \$2.7 million of miscellaneous technology investments.

Interest expense during 2002 decreased \$8.4 million compared to the same period in 2001. This decrease resulted from lower variable interest rate levels offset by \$29.0 million of interest expense on borrowings used to fund the Rodamco acquisition, the purchase of the remaining ownership interest in Copley Place and the assumption of consolidated property level debt resulting from these acquisitions.

Income from unconsolidated entities increased \$10.3 million in 2002, resulting from an \$11.5 million increase in income from unconsolidated partnerships and joint ventures, and a \$1.2 million decrease in income from the Management Company before losses from MerchantWired LLC. The increase in joint venture income resulted from the Rodamco acquisition, lower variable interest rate levels, and our acquisition of Fashion Valley Mall in October 2001. These increases were offset by the loss of income due to the sale of our interests in the Mills Properties and Orlando Premium Outlets.

The decrease in income from the Management Company before losses from MerchantWired LLC included our \$8.4 million share of the gain, net of tax, associated with the sale of land partnership interests to the Mills Corporation in 2002. This was offset by our \$12.0 million share of income, before tax, recorded in 2001 from the Kimsward transaction, net of fees charged by the Operating Partnership. In addition, in 2001, we recorded our net \$13.9 million share from the write-off of technology investments, primarily clixmortar. The Management Company also had increased income tax expense, increased dividend expenses due to the issuance of two new series of preferred stock to us, and decreased income from land sale gains totaling \$11.1 million. Finally, the Management Company's core fee businesses were flat in 2002 versus 2001.

Losses from MerchantWired LLC increased \$14.6 million, net. This included our share of a \$4.2 million net impairment charge in 2002 on certain technology assets and the \$22.5 million net write-off of our investment in MerchantWired, LLC recorded in 2002. The write-off and the impairment charge have been added back as part of our funds from operations reconciliation. The total technology write-off related to MerchantWired LLC was \$38.8 million before tax. Offsetting these charges were reduced operating losses from MerchantWired LLC due to its ceasing operations in 2002.