UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2009

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 1-13199

SL GREEN REALTY CORP.

(Exact name of registrant as specified in its charter)

Maryland	**13-3956775**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

420 Lexington Avenue, New York, New York 10170

(Address of principal executive offices) (Zip Code)

(212) 594-2700

(Registrant s telephone number, including area code)

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 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES o NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller Reporting Company o
	(Do not check if a smaller reporting company)		

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

The number of shares outstanding of the registrant s common stock, $0.01 par value, was 57,266,834 as of April 30, 2009.

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SL GREEN REALTY CORP.

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PART I. **FINANCIAL INFORMATION**

ITEM 1. **Financial Statements**

SL Green Realty Corp.

Condensed Consolidated Balance Sheets

(Amounts in thousands, except per share data)

	March 31, 2009 (Unaudited)	December 31, 2008
Assets		
Commercial real estate properties, at cost:		
Land and land interests	**$ 1,385,101**	$ 1,386,090
Building and improvements	**5,547,522**	5,544,019
Building leasehold and improvements	**1,255,573**	1,259,472
Property under capital lease	**12,208**	12,208
	8,200,404	8,201,789
Less: accumulated depreciation	**(586,029)**	(546,545)
	7,614,375	7,655,244
Assets held for sale	**106,543**	184,035
Cash and cash equivalents	**433,654**	726,889
Restricted cash	**97,401**	105,954
Tenant and other receivables, net of allowance of $14,001 and $16,898 in 2009 and 2008, respectively	**33,459**	30,882
Related party receivables	**14,119**	7,676
Deferred rents receivable, net of allowance of $20,172 and $19,648 in 2009 and 2008, respectively	**152,126**	145,561
Structured finance investments, net of discount of $7,870 and $18,764 in 2009 and 2008, respectively	**589,267**	679,814
Investments in unconsolidated joint ventures	**976,572**	975,483
Deferred costs, net	**134,297**	133,052
Other assets	**349,320**	339,763
Total assets	**$ 10,501,133**	$ 10,984,353
Liabilities		
Mortgage notes payable	**$ 2,585,592**	$ 2,591,358
Revolving credit facility	**1,389,067**	1,389,067
Senior unsecured notes	**1,151,556**	1,501,134
Accrued interest payable and other liabilities	**54,478**	70,692
Accounts payable and accrued expenses	**133,937**	133,100
Deferred revenue/gain	**401,848**	427,936
Capitalized lease obligation	**16,747**	16,704
Deferred land leases payable	**17,740**	17,650
Dividend and distributions payable	**26,420**	26,327
Security deposits	**34,865**	34,561
Liabilities related to assets held for sale		106,534
Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities	**100,000**	100,000
Total liabilities	**5,912,250**	6,415,063
Commitments and Contingencies		
Noncontrolling interest in operating partnership	**89,600**	89,089
Equity		
SL Green stockholders equity:		
Series C preferred stock, $0.01 par value, $25.00 liquidation preference, 6,300 issued and outstanding at March 31, 2009 and December 31, 2008, respectively	**151,981**	151,981
Series D preferred stock, $0.01 par value, $25.00 liquidation preference, 4,000 issued and outstanding at March 31, 2009 and December 31, 2008, respectively	**96,321**	96,321
Common stock, $0.01 par value 160,000 shares authorized and 60,619 and 60,404 issued and outstanding at March 31, 2009 and December 31, 2008, respectively (including 3,360 shares at both March 31, 2009 and December 31, 2008, held in Treasury, respectively)	**606**	604
Additional paid-in-capital	**3,087,123**	3,079,159

Treasury stock at cost		**(302,705)**		(302,705)
Accumulated other comprehensive loss		**(53,089)**		(54,747)
Retained earnings		**989,476**		978,180
Total SL Green stockholders equity		**3,969,713**		3,948,793
Noncontrolling interests in other partnerships		**529,570**		531,408
Total equity		**4,499,283**		4,480,201
Total liabilities and equity	**$**	**10,501,133**	$	10,984,353

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

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SL Green Realty Corp.

Condensed Consolidated Statements of Income

(Unaudited, and amounts in thousands, except per share data)

	Three Months Ended March 31, 2009		Three Months Ended March 31, 2008	
Revenues				
Rental revenue, net	**$**	**196,468**	$	193,840
Escalation and reimbursement		**33,758**		29,960
Preferred equity and investment income		**16,898**		20,398
Other income		**16,281**		10,504
Total revenues		**263,405**		254,702
Expenses				
Operating expenses (including approximately $3,432 (2009) and $3,571 (2008) paid to affiliates)		**55,481**		53,672
Real estate taxes		**36,949**		32,524
Ground rent		**8,046**		8,249
Interest expense, net of interest income		**60,264**		76,046
Amortization of deferred financing costs		**1,436**		1,632
Depreciation and amortization		**54,798**		53,434
Loan loss reserves		**62,000**		1,250
Loss equity investment in marketable securities		**807**		
Marketing, general and administrative		**17,922**		24,460
Total expenses		**297,703**		251,267
Income (loss) from continuing operations before equity in net income of unconsolidated joint ventures and discontinued operations		**(34,298)**		3,435
Equity in net income from unconsolidated joint ventures		**13,073**		19,425
Income (loss) from continuing operations before gain on sale and discontinued operations		**(21,255)**		22,860
Equity in net gain on sale of interest in unconsolidated joint ventures/ real estate		**9,541**		
Gain on early extinguishment of debt		**47,712**		
Income from continuing operations		**36,028**		22,860
Net income (loss) from discontinued operations		**(66)**		2,760
Gain on sale of discontinued operations		**6,572**		110,232
Net income		**42,534**		135,852
Net income attributable to noncontrolling interests in operating partnership		**(1,320)**		(5,037)
Net income attributable to noncontrolling interests in other partnerships		**(3,477)**		(4,752)
Net income attributable to SL Green		**37,737**		126,063
Preferred stock dividends		**(4,969)**		(4,969)
Net income attributable to SL Green common stockholders	**$**	**32,768**	$	121,094
Basic earnings per share:				
Net income from continuing operations before gain on sale and discontinued operations	**$**	**0.30**	$	0.24
Net income from discontinued operations, net of noncontrolling interest				0.02
Gain on sale of discontinued operations, net of noncontrolling interest		**0.11**		1.81
Gain on sale of unconsolidated joint ventures/ real estate		**0.16**		
Net income attributable to SL Green common stockholders	**$**	**0.57**	$	2.07
Diluted earnings per share:				
Net income from continuing operations before gain on sale and discontinued operations	**$**	**0.30**	$	0.24

Net income from discontinued operations				0.02
Gain on sale of discontinued operations		**0.11**		1.80
Gain on sale of unconsolidated joint ventures/ real estate		**0.16**		
Net income attributable to SL Green common stockholders	**$**	**0.57**	$	2.06
Amounts attributable to SL Green common stockholders:				
Income from continuing operations	**$**	**26,518**	$	13,791
Discontinued operations		**(63)**		1,312
Gain on sale of discontinued operations		**6,313**		105,991
Net income	**$**	**32,768**	$	121,094
Dividends per share	**$**	**0.375**	$	0.7875
Basic weighted average common shares outstanding		**57,178**		58,482
Diluted weighted average common shares and common share equivalents outstanding		**59,555**		61,221

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

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SL Green Realty Corp.

Condensed Consolidated Statement of Equity

(Unaudited, and amounts in thousands, except per share data)

	SL Green Realty Corp. Stockholders										
	Series C Preferred Stock	Series D Preferred Stock	Common Stock Shares	Par Value	Additional Paid-In-Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests	Total	Comprehensive Income
Balance at December 31, 2008	**$ 151,981**	**$ 96,321**	**57,044**	**$ 604**	**$ 3,079,159**	**$ (302,705)**	**$ (54,747)**	**$ 978,180**	**$ 531,408**	**$ 4,480,201**	
Net income								37,737	3,477	41,214	**$ 41,214**
Net unrealized loss on derivative instruments							5,951			5,951	5,951
SL Green s share of joint venture net unrealized loss on derivative instruments							(4,501)			(4,501)	(4,501)
Unrealized gain on marketable securities							208			208	208
Preferred dividends								(4,969)		(4,969)	
Redemption of units and DRIP proceeds											
Deferred compensation plan & stock award, net			215	2	371					373	
Amortization of deferred compensation plan					7,593					7,593	
Cash distributions to noncontrolling interests									(5,315)	(5,315)	
Cash distribution declared ($0.375 per common share of which none represented a return of capital for federal income tax purposes)								(21,472)		(21,472)	
Balance at March 31, 2009	**$ 151,981**	**$ 96,321**	**57,259**	**$ 606**	**$ 3,087,123**	**$ (302,705)**	**$ (53,089)**	**$ 989,476**	**$ 529,570**	**$ 4,499,283**	**$ 42,872**

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

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SL Green Realty Corp.

Condensed Consolidated Statements of Cash Flows

(Unaudited, and amounts in thousands, except per share data)

	Three Months Ended March 31, 2009	2008
Operating Activities		
Net income	**$ 42,534**	$ 134,457
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**56,917**	57,494
Gain on sale of discontinued operations	**(6,572)**	(110,232)
Equity in net income from unconsolidated joint ventures	**(13,073)**	(19,425)
Equity in net gain on sale of unconsolidated joint ventures	**(9,541)**	
Distributions of cumulative earnings from unconsolidated joint ventures/ real estate	**9,249**	26,410
Loan loss reserves	**62,000**	
Loss on equity investment in marketable securities	**807**	
Deferred rents receivable	**(7,089)**	(12,955)
Other non-cash adjustments	**(2,586)**	8,867
Changes in operating assets and liabilities:		
Restricted cash operations	**8,016**	5,676
Tenant and other receivables	**320**	3,265
Related party receivables	**(6,443)**	634
Deferred lease costs	**(4,677)**	(6,221)
Other assets	**(23,232)**	(21,604)
Accounts payable, accrued expenses and other liabilities	**(2,183)**	(51,668)
Deferred revenue and land leases payable	**(1,286)**	5,679
Net cash provided by operating activities	**103,161**	20,377
Investing Activities		
Acquisitions of real estate property		(32,351)
Additions to land, buildings and improvements	**(17,570)**	(24,250)
Escrowed cash capital improvements/acquisition deposits	**537**	(44,328)
Investments in unconsolidated joint ventures	**(8,310)**	(11,662)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	**6,482**	12,741
Net proceeds from disposition of real estate/ partial interest in property	**17,154**	152,933
Other investments	**(1,935)**	(14,956)
Structured finance and other investments net of repayments/participations	**406**	3,765
Net cash (used in) provided by investing activities	**(3,236)**	41,892
Financing Activities		
Proceeds from mortgage notes payable	**1,112**	30,061
Repayments of mortgage notes payable	**(6,878)**	(7,113)
Proceeds from revolving credit facility and senior unsecured notes		212,000
Repayments of revolving credit facility and senior unsecured notes	**(353,104)**	(200,000)
Proceeds from stock options exercised		598
Purchases of Treasury Stock		(49,911)
Distributions to noncontrolling interests in other partnerships	**(5,315)**	(6,276)
Contributions from noncontrolling interests in other partnerships		13,259
Distributions to noncontrolling interest in operating partnership	**(876)**	(1,842)
Dividends paid on common and preferred stock	**(26,441)**	(50,990)
Deferred loan costs and capitalized lease obligation	**(1,658)**	(1,226)
Net cash used in financing activities	**(393,160)**	(61,440)
Net (decrease) increase in cash and cash equivalents	**(293,235)**	829

Cash and cash equivalents at beginning of period		**726,889**		45,964
Cash and cash equivalents at end of period	**$**	**433,654**	$	46,793

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

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SL Green Realty Corp.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2009

1. Organization and Basis of Presentation

SL Green Realty Corp., also referred to as the Company or SL Green, a Maryland corporation, and SL Green Operating Partnership, L.P., or the operating partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The operating partnership received a contribution of interest in the real estate properties, as well as 95% of the economic interest in the management, leasing and construction companies which are referred to as the Service Corporation. The Company has qualified, and expects to qualify in the current fiscal year, as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to stockholders, is permitted to reduce or avoid the payment of Federal income taxes at the corporate level. Unless the context requires otherwise, all references to we, our and us means the Company and all entities owned or controlled by the Company, including the operating partnership.

Substantially all of our assets are held by, and our operations are conducted through, the operating partnership. The Company is the sole managing general partner of the operating partnership. As of March 31, 2009, noncontrolling investors held, in the aggregate, a 3.9% limited partnership interest in the operating partnership.

On January 25, 2007, we completed the acquisition, or the Reckson Merger, of all of the outstanding shares of common stock of Reckson Associates Realty Corp., or Reckson, pursuant to the terms of the Agreement and Plan of Merger, dated as of August 3, 2006, as amended, the Merger Agreement, among SL Green, Wyoming Acquisition Corp., or Wyoming, Wyoming Acquisition GP LLC, Wyoming Acquisition Partnership LP, Reckson and Reckson Operating Partnership, L.P., or ROP. We paid approximately $6.0 billion, inclusive of transaction costs, for Reckson. ROP is a subsidiary of our operating partnership.

On January 25, 2007, we completed the sale, or Asset Sale, of certain assets of ROP to an asset purchasing venture led by certain of Reckson s former executive management, or the Buyer, for a total consideration of approximately $2.0 billion.

As of March 31, 2009, we owned the following interests in commercial office properties in the New York Metro area, primarily in midtown Manhattan, a borough of New York City, or Manhattan. Our investments in the New York Metro area also include investments in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban assets:

Location	Ownership	Number of Properties	Square Feet	Weighted Average Occupancy (1)
Manhattan	Consolidated properties	21	13,782,200	97.2%
	Unconsolidated properties	8	9,429,000	94.7%
Suburban	Consolidated properties	26	4,008,000	87.8%
	Unconsolidated properties	6	2,941,700	94.1%
		61	30,160,900	94.8%

(1) The weighted average occupancy represents the total leased square feet divided by total available rentable square feet.

We also own investments in eight retail properties encompassing approximately 400,212 square feet, three development properties encompassing approximately 399,800 square feet and two land interests. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

As of March 31, 2009, we also owned approximately 12.48% of the outstanding common stock of Gramercy Capital Corp. (NYSE: GKK), or Gramercy, as well as all the units of the Class B limited partner interest in Gramercy s operating partnership, which were subsequently transferred to Gramercy on April 24, 2009. See Note 6.

Partnership Agreement

In accordance with the partnership agreement of the operating partnership, or the operating partnership agreement, we allocate all distributions and profits and losses in proportion to the percentage ownership interests of the respective partners. As the managing general partner of the operating partnership, we are required to take such reasonable efforts, as determined by us in our sole discretion, to cause the operating partnership to distribute sufficient amounts to enable the payment of sufficient dividends by us to avoid any Federal income or excise tax at the Company level. Under the operating partnership agreement each limited partner will have the right to redeem units of limited partnership interests for cash, or if we so elect, shares of our common stock on a one-for-one basis. In addition, we are prohibited from selling 673 First Avenue before August 2009, under certain circumstances.

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SL Green Realty Corp.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2009

Basis of Quarterly Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The 2009 operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. These financial statements should be read in conjunction with the financial statements and accompanying notes included in our annual report on Form 10-K and Form 10-K/A No. 1 for the year ended December 31, 2008.

The balance sheet at December 31, 2008 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries, which are wholly-owned or controlled by us or entities which are variable interest entities in which we are the primary beneficiary under the Financial Accounting Standards Board, or FASB, Interpretation No. 46R, or FIN 46R, Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51. See Note 5, Note 6 and Note 7. Entities which we do not control and entities which are variable interest entities, but where we are not the primary beneficiary are accounted for under the equity method. We consolidate variable interest entities in which we are determined to be the primary beneficiary. We have two variable interest entities for which we are considered to be the primary beneficiary as a result of loans we made to our joint venture partner to fund our partner s equity in the joint venture. The interest that we do not own is included in Noncontrolling Interests in Other Partnerships on the balance sheet. All significant intercompany balances and transactions have been eliminated.

Effective January 1, 2009, we adopted SFAS 160, or SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51, which defines a non-controlling interest in a consolidated subsidiary as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent and requires non-controlling interests to be presented as a separate component of equity in the consolidated balance sheet subject to the provisions of EITF Topic D-98, or EITF D-98, Classification and Measurement of Redeemable Securities. SFAS No. 160 also modifies the presentation of net income by requiring earnings and other comprehensive income to be attributed to controlling and non-controlling interests. Below are the steps we have taken as a result of the implementation of this standard:

- We have reclassified the non-controlling interests of other consolidated partnerships from the mezzanine section of our balance sheets to equity. This reclassification totaled approximately $529.6 million and $531.4 million as of March 31, 2009 and December 31, 2008, respectively.

- Non-controlling interests of our operating partnership will continue to be classified in the mezzanine section of the balance sheet as these redeemable OP Units do not meet the requirements for equity classification under EITF D-98. The redemption feature requires the delivery of cash or shares of stock. See Note 13.

- Net income attributable to non-controlling interests of our operating partnership and of other consolidated partnerships is no longer included in the determination of net income. We reclassified prior year amounts to reflect this requirement. The adoption of this standard has no effect on our earnings per share.

- We adjust the non-controlling interests of our operating partnership each period so that the carrying value equals the greater of its carrying value based on the accumulation of historical cost or its redemption value as prescribed by EITF D-98. Net income is allocated to the non-controlling partners of our operating partnership based on their weighted average ownership percentage during the period.

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SL Green Realty Corp.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2009

Investment in Commercial Real Estate Properties

On a periodic basis, we assess whether there are any indicators that the value of our real estate properties may be impaired or that its carrying value may not be recoverable. A property s value is considered impaired if management s estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties and discounted for unconsolidated properties) to be generated by the property are less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property. We do not believe that the value of any of our rental properties was impaired at March 31, 2009 and December 31, 2008.

In accordance with SFAS No. 141, Business Combinations, we allocate the purchase price of real estate to land and building and, if determined to be material, intangibles, such as the value of above-, below- and at-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building and other intangible assets over their estimated useful lives, which generally range from three to 40 years and from one to 14 years, respectively. The values of the above- and below-market leases are amortized and recorded as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental income over the remaining term of the associated lease, which range from one to 14 years. The value associated with in-place leases are amortized over the expected term of the associated lease and its estimated term, which range from one to 14 years. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value of the leases based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property.

As a result of our evaluations, under SFAS No. 141, of acquisitions made, we recognized an increase of approximately $5.4 million and $5.7 million in rental revenue for the three months ended March 31, 2009 and 2008, respectively, for the amortization of aggregate below-market rents in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties. We recognized a reduction in interest expense for the amortization of the above-market rate mortgages of approximately $1.8 million and $1.7 million for the three months ended March 31, 2009 and 2008, respectively.

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SL Green Realty Corp.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2009

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases). Amounts in thousands:

		March 31, 2009		December 31, 2008
Identified intangible assets (included in other assets):				
Gross amount	**$**	**236,594**	$	236,594
Accumulated amortization		**(71,173)**		(60,074)
Net	**$**	**165,421**	$	176,520
Identified intangible liabilities (included in deferred revenue):				
Gross amount	**$**	**480,770**	$	480,770
Accumulated amortization		**(118,108)**		(101,585)
Net	**$**	**362,662**	$	379,185

Reserve for Possible Credit Losses

The expense for possible credit losses in connection with structured finance investments is the charge to earnings to increase the allowance for possible credit losses to the level that we estimate to be adequate considering delinquencies, loss experience and collateral quality. Other factors considered relate to geographic trends and product diversification, the size of the portfolio and current economic conditions. Based upon these factors, we establish the provision for possible credit losses by loan. When it is probable that we will be unable to collect all amounts contractually due, the investment is considered impaired.

Where impairment is indicated, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral, as reduced by selling costs. Any deficiency between the carrying amount of an asset and the net sales price of repossessed collateral is charged to expense. We recorded approximately none and $1.3 million in loan loss reserves during the three months ended March 31, 2009 and 2008, respectively.

Structured finance investments held for sale are carried at the lower of cost or fair market value using available market information obtained through consultation with dealers or other originators of such investments as well as discounted cash flow models based on Level 3 data pursuant to SFAS No. 157. During the three months ended March 31, 2009, we redesignated loans with a gross carrying value of $95.5 million from structured finance investments to assets held for sale. We recorded a mark-to-market adjustment of approximately $62.0 million against our held for sale investments during the three months ended March 31, 2009.

Income Taxes

We are taxed as a REIT under Section 856(c) of the Code. As a REIT, we generally are not subject to Federal income tax. To maintain our qualification as a REIT, we must distribute at least 90% of our REIT taxable income to our stockholders and meet certain other requirements. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income tax on our taxable income at regular corporate rates. We may also be subject to certain state, local and franchise taxes. Under certain circumstances, Federal income and excise taxes may be due on our undistributed taxable income.

Pursuant to amendments to the Code that became effective January 1, 2001, we have elected, and may in the future, elect to treat certain of our existing or newly created corporate subsidiaries as taxable REIT subsidiaries, or a TRS. In general, a TRS of ours may perform non-customary services for our tenants, hold assets that we cannot hold directly and generally may engage in any real estate or non-real estate related business. Our TRSs generate income, resulting in Federal income tax liability for these entities. Our TRSs recorded approximately $2.5 million and $1.2 million in Federal, state and local tax expense during the three months ended March 2009 and 2008, respectively, of which $0.5 million and $0.4 million, respectively, had been paid.

Stock-Based Employee Compensation Plans

We have a stock-based employee compensation plan, described more fully in Note 13. We account for this plan under SFAS No. 123-R Shared Based Payment, revised, or SFAS No. 123-R. We adopted SFAS No. 123, Accounting from Stock-Based Compensation on January 1, 2003.

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SL Green Realty Corp.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2009

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because our plan has characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in our opinion, the existing models do not necessarily provide a reliable single measure of the fair value of our employee stock options.

Compensation cost for stock options, if any, is recognized ratably over the vesting period of the award. Our policy is to grant options with an exercise price equal to the quoted closing market price of our stock on the grant date. Awards of stock or restricted stock are expensed as compensation on a current basis over the benefit period.

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for grants during the three months ended March 31, 2009 and 2008.

	2009	**2008**
Dividend yield	**5.79%**	3.37%
Expected life of option	**5 years**	5 years
Risk-free interest rate	**1.55%**	4.04%
Expected stock price volatility	**55.07%**	22.31%

Earnings Per Share

We present both basic and diluted earnings per share, or EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount. This also includes units of limited partnership interest.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash investments, structured finance investments and accounts receivable. We place our cash investments in excess of insured amounts with high quality financial institutions. The collateral securing our structured finance investments is primarily located in the New York Metro area. (See Note 5). We perform ongoing credit evaluations of our tenants and require certain tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant s lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting the space. Although the properties in our real estate portfolio are primarily located in Manhattan, we also have properties located in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey. The tenants located in our buildings operate in various industries. Other than one tenant who accounts for approximately 9.6% of our annualized rent, no other tenant in our portfolio accounts for more than 5.8% of our annualized rent, including our share of joint venture annualized rent, at March 31, 2009. Approximately 7%, 6%, 6%, 7% and 6% of our annualized rent, including our share of joint venture annualized rent, was attributable to 1221 Avenue of the Americas, 1515 Broadway, 420 Lexington Avenue, 1185 Avenue of the Americas and One Madison Avenue, respectively, for the quarter ended March 31, 2009. One borrower accounted for more than 10.0% of the revenue earned on structured finance investments during the three months ended March 31, 2009.

Reclassification

Certain prior year balances have been reclassified to conform with the current year presentation primarily in order to comply with SFAS No. 144 for discontinued operations presentation and the adoption of FSP 14-1 (see below).

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New Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations. This statement changes the accounting for acquisitions specifically eliminating the step acquisition model, changing the recognition of contingent consideration from being recognized when it is probable to being recognized at the time of acquisition, disallowing the capitalization of transaction costs and delays when restructurings related to acquisitions can be recognized. The standard is effective for fiscal years beginning after December 15, 2008 and will only impact the accounting for acquisitions we make after our adoption of this standard. The adoption of this standard on January 1, 2009 did not have any impact on our historical financial statements.

In May 2008, the FASB issued FASB Staff Position, or FSP, No. APB 14-1, or FSP 14-1, Accounting for Convertible Debt Instruments that may be Settled in Cash upon Conversion. FSP 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer s nonconvertible debt borrowing rate. FSP 14-1 will significantly affect the accounting for instruments commonly referred to as Instruments B and C in EITF No. 90-19, Convertible Bonds with Issuer Option to Settle for Cash upon Conversion, which is nullified by FSP 14-1, and any other convertible debt instruments that require or permit settlement in any combination of cash and shares at the issuer s option, such as those sometimes referred to as Instrument X. The resulting debt discount will be amortized over the period during which the debt is expected to be outstanding (i.e., through the first optional redemption dates) as additional non-cash interest expense. This amount (before netting) will increase in subsequent reporting periods through the first optional redemption dates as the debt accretes to its par value over the same period. FSP 14-1 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption was not permitted. Upon adoption, FSP 14-1 required companies to retrospectively apply the requirements of the pronouncement to all periods presented. Adoption of FSP 14-1 had the following impact on our financial statements:

	December 31, 2008 As Reported	December 31, 2008 As Restated
Senior unsecured notes	$ 1,535,948	$ 1,501,134
Total liabilities	6,449,875	6,415,063
Additional paid-in-capital	2,999,456	3,079,159
Retained earnings	1,023,071	978,180

	March 31, 2008 As Reported	March 31, 2008 As Restated
Interest expense	$ 78,518	$ 83,316
Net income attributable to SL Green common stockholders	125,891	121,094
Net income per share attributable to common stockholders - basic	$ 2.15	$ 2.07

Net income per share attributable to common stockholders - diluted	$ 2.14	$ 2.06

EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities, addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share, or EPS, under the two-class method described in paragraphs 60 and 61 of SFAS No. 128, Earnings per Share . We adopted EITF 03-6-1 on January 1, 2009 and it did not have a material effect on our financial statements.

In April 2009, the FASB issued SFAS No. 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments. SFAS No. 107-1 amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments to require disclosure about fair value of financial instruments in interim financial statements. SFAS No. 107-1 and APB 28-1 are effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. We will include the disclosures required under this standard beginning in our June 30, 2009 Condensed Consolidated Financial Statements.

In April 2009, the FASB released FSP SFAS No. 157- 4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability has Significantly Decreased and Identifying Transactions that are Not Orderly , or FSP SFAS No. 157-4. FSP SFAS No. 157-4 was issued contemporaneously with FSP SFAS No. 115-2 and SFAS No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairments , or FSP SFAS 115-2 and FSP SFAS No. 107-1 and APB 28-1.

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FSP SFAS No. 157-4 amends FASB Statement No. 157, Fair Value Measurements , or SFAS No. 157, to provide additional guidance on estimating fair value when the volume and level of transaction activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. The FSP also provides additional guidance on circumstances that may indicate that a transaction is not orderly.

FSP SFAS No. 157-4 also require additional disclosures about fair value measurements in annual and interim reporting periods. FSP SFAS No. 157-4 is effective for interim and annual reporting periods ending after 15 June 2009. We will apply the provisions of FSP SFAS No. 157-4 beginning in our June 30, 2009 Condensed Consolidated Financial Statements. We do not believe that adoption of the FSP will have a material impact on our financial statements.

In March 2008, the FASB issued SFAS No. 161, or SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. SFAS No. 161 requires entities to provide greater transparency about (a) how and why and entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, results of operations, and cash flows. SFAS No. 161 is effective on January 1, 2009. The adoption of SFAS No. 161 did not have a material impact on our consolidated financial statements.

3. Property Acquisitions

We did not acquire any real estate during the three months ended March 31, 2009.

4. Property Dispositions and Assets Held for Sale

In January 2009, we, along with our joint venture partner, Gramercy, sold 100% of our interests in 55 Corporate Drive, NJ for $230.0 million. The property is approximately 670,000 square feet. We recognized a gain of approximately $6.6 million in connection with the sale of our 50% interest in the joint venture.

At March 31, 2009, discontinued operations included the results of operations of real estate assets sold prior to that date. This included 440 Ninth Avenue, which was sold in January 2008, 100/120 White Plains Road and 1372 Broadway, which were sold in October 2008, 55 Corporate Drive, NJ which was sold in January 2009, and the membership interests in GKK Manager LLC which were sold in April 2009 (See Note 6).

The following table summarizes income from discontinued operations and the related realized gain on sale of discontinued operations for the three months ended March 31, 2009 and 2008 (in thousands).

	Three Months Ended March 31,	
	2009	**2008**
Revenues		
Rental revenue	**$ 584**	$ 8,351
Escalation and reimbursement revenues	**(7)**	916
Other income	**4,886**	8,424
Total revenues	**5,463**	17,691
Operating expense	**24**	1,925
Real estate taxes		1,460
Interest	**329**	5,524
Marketing, general and administrative	**5,176**	4,008
Depreciation and amortization		2,014
Total expenses	**5,529**	14,931
Income (loss) from discontinued operations	**(66)**	2,760
Gain on sale of discontinued operations	**6,572**	110,232
Income from discontinued operations	**$ 6,506**	$ 112,992

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5. Structured Finance Investments

During the three months ended March 31, 2009 and 2008, our structured finance and preferred equity investments (net of discounts) increased approximately $7.1 million and $4.8 million, respectively, due to originations and accretion of discount. There were approximately $63.6 million and $33.5 million in repayment, participations, sales and loan loss reserves recorded during those periods, respectively, which offset the increases in structured finance investments.

As of March 31, 2009 and December 31, 2008, we held the following structured finance investments, excluding preferred equity investments, with an aggregate weighted average current yield of approximately 9.4% (in thousands):

Loan Type	Gross Investment	Senior Financing	2009 Principal Outstanding	2008 Principal Outstanding	Initial Maturity Date
Other Loan (1)	$ 3,500	$ 15,000	**$ 3,500**	$ 3,500	September 2021
Mezzanine Loan (1) (2)	85,000	210,572	**96,510**	95,626	December 2020
Mezzanine Loan (1)	60,000	235,000	**58,393**	58,349	February 2016
Mezzanine Loan (1)	25,000	200,000	**25,000**	25,000	May 2016
Mezzanine Loan (1)	35,000	165,000	**38,616**	38,332	October 2016
Mezzanine Loan (1) (3) (9) (10) (11)	75,000	4,229,461	**70,092**	70,092	December 2016
Other Loan (1) (5) (9) (11)	5,000		**5,350**	5,350	May 2011
Whole Loan (2) (3)	9,815		**9,526**	10,126	February 2010
Mezzanine Loan (1) (2) (4) (9) (11)	25,000	315,293	**27,742**	27,742	November 2009
Mezzanine Loan (1)	16,000	90,000	**15,676**	15,670	August 2017
Mezzanine Loan (3)	41,398	221,549	**40,481**	40,171	August 2009
Other Loan (1)	1,000		**1,000**	1,000	January 2010
Other Loan	500		**500**	500	December 2009
Junior Participation (1) (6) (9) (11)	14,189		**9,938**	9,938	April 2008
Mezzanine Loan (1) (12)	67,000	1,139,000	**77,939**	75,856	March 2017
Mezzanine Loan (3) (9) (10)	23,145	365,000	**25,446**	24,961	July 2009
Mezzanine Loan (3) (9) (10)	44,733	930,678	**47,219**	46,372	August 2009
Mezzanine Loan (3) (9) (10) (11)	22,644	7,099,849	**23,511**	23,847	June 2009
Junior Participation (1) (9)	11,000	53,000	**11,000**	11,000	November 2009
Junior Participation (7) (9)					