RECKSON ASSOCIATES REALTY CORP
Form 425
November 30, 2006

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SUBJECT TO COMPLETION DATED NOVEMBER 29, 2006

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated November 28, 2006)

Shares

Common Stock

We are offering shares of our common stock, par value $.01 per share. We will receive all of the net proceeds from the sale of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol "SLG." The last reported sale price of our common stock on the New York Stock Exchange on November 28, 2006 was $137.70 per share.

The shares of our common stock are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See "Restrictions on Ownership of Capital Stock" in the accompanying prospectus.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-4 of this prospectus supplement, page 2 of the accompanying prospectus and on page 7 of our Annual Report on Form 10-K for the year ended December 31, 2005.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to us (before expenses)	$	$

We have granted Lehman Brothers a 30-day option to purchase up to an additional shares of common stock on the same terms and conditions as set forth above if Lehman Brothers sells more than shares of common stock in this offering.

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.

Lehman Brothers expects to deliver the shares on or about December , 2006.

Lehman Brothers

November , 2006

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, and any "free writing prospectus" we may authorize to be delivered to you. We have not, and the underwriter has not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy these shares of common stock in any circumstances under which the offer or solicitation is unlawful. The information appearing in this prospectus supplement or the accompanying prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on other dates which are specified in those documents regardless of

the time of delivery of this prospectus supplement or of any such shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is this prospectus supplement, which adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common stock. This prospectus supplement adds, updates and changes information contained in the accompanying prospectus and the information incorporated by reference. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control.

Unless the context requires otherwise, in this prospectus supplement the terms "we," "us," "our" and "our company" refer to SL Green Realty Corp. and all entities owned or controlled by SL Green Realty Corp., including our operating partnership or, as the context may require, SL Green Realty Corp. only. Unless otherwise specified, all property information in this prospectus supplement is as of September 30, 2006. In addition, the term "properties" means those which we directly own by holding fee title, leasehold or otherwise or indirectly own, in whole or in part, by holding interests in entities that own such properties.

FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE

This document and the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of our operations, including any forecasts, projections and plans and objectives for future operations. You can identify forward-looking statements by the use of forward-looking expressions such as "may," "will," "should," "expect," "believe," "anticipate," "estimate," "intend," "project," or "continue" or any negative or other variations on such expressions. Many factors could affect our actual financial results, and could cause actual results to differ materially from those in the forward-looking statements. These factors include those listed under the sections titled "Recent Developments" and "Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus and the following:

- the uncertainty regarding whether or not our proposed merger with Reckson Associates Realty Corp., or Reckson, will occur, including uncertainties relating to a competing bid from a third party, the vote of the stockholders of Reckson at the upcoming Reckson special meeting and the pending class action lawsuits seeking to enjoin the merger, and the possibility that our stock price could decline, perhaps substantially, if the merger is not completed;

- the timing of the completion of the merger, if completed;

- our ability to successfully integrate the Reckson business, to preserve the goodwill of the acquired business, and to achieve expected synergies, operating efficiencies and other benefits within expected time-frames or at all, or within expected cost projections;

- the amount of expenses and other liabilities incurred or accrued by Reckson, which we will assume if the merger is completed (including any potential tax liabilities of Reckson incurred as a result of the merger, or otherwise), and which could be higher than projected;

- general economic or business (particularly real estate) conditions, either nationally or in New York City, being less favorable than expected;

- reduced demand for office space;

- risks of real estate acquisitions;

- risks of structured finance investments;

- availability and creditworthiness of prospective tenants;

- adverse changes in the real estate markets, including increasing vacancy, decreasing rental revenue and increasing insurance costs;

- availability of capital (debt and equity);

- unanticipated increases in financing and other costs, including a rise in interest rates;

- market interest rates could adversely affect the market price of our common stock, as well as our performance and cash flows;

our ability to satisfy complex rules in order for us to qualify as a real estate investment trust for federal income tax purposes, our operating partnership's ability to satisfy the rules in order for it to qualify as a partnership for federal income tax purposes, the ability of certain of our subsidiaries to qualify as real estate investment trusts and certain of our subsidiaries to qualify as taxable real estate investment trust subsidiaries for federal income tax purposes, and our ability

and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;

accounting principles and policies and guidelines applicable to real estate investment trusts;

competition with other companies;

the continuing threat of terrorist attacks on the national, regional and local economies including, in particular, the New York City area and our tenants;

legislative or regulatory changes adversely affecting real estate investment trusts and the real estate business; and

environmental, regulatory and/or safety requirements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus supplement and the accompanying prospectus might not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statements.

INFORMATION ABOUT SL GREEN

We are a self-managed real estate investment trust, or a REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. We are the only such REIT to own, manage, lease, acquire and reposition office properties predominantly located in Manhattan. We own substantially all of our assets and conduct all of our business through our operating partnership, SL Green Operating Partnership, L.P. We are the sole managing general partner of our operating partnership and as of September 30, 2006, we owned approximately 95.4% of the outstanding partnership interests in our operating partnership. All of the management and leasing operations with respect to our wholly-owned properties are conducted through SL Green Management LLC, or Management LLC. Our operating partnership owns a 100% interest in Management LLC.

Our primary business objective is to maximize total return to stockholders through growth in funds from operations and appreciation in the value of our assets during any business cycle. We seek to achieve this objective by assembling a high quality portfolio of Manhattan office properties and capitalizing on current opportunities in the Manhattan office market through: (i) property acquisitions (directly or through joint ventures) acquiring office properties at significant discounts to replacement costs with market rents at a premium to fully escalated in-place rents which provide attractive initial yields and the potential for cash flow growth, as well as properties with significant vacancies; (ii) property repositioning repositioning acquired retail and commercial office properties that are under-performing through renovations, active management and proactive leasing; (iii) property dispositions; (iv) integrated leasing and property management; and (v) structured finance investments inclusive of our investment in Gramercy Capital Corp., or Gramercy (NYSE: GKK), in the greater New York area. Generally, we focus on properties that are within a ten-minute walk of midtown Manhattan's primary commuter stations.

Our management team has developed a comprehensive knowledge of the Manhattan commercial real estate market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office and retail properties and repositioning them through intensive full-service management and leasing efforts.

As of September 30, 2006, our wholly-owned properties consisted of 20 commercial properties encompassing approximately 9.6 million rentable square feet, which had a weighted average occupancy (total leased square feet divided by total available square feet) of 97.0%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own seven commercial properties in Manhattan, encompassing approximately 8.8 million rentable square feet, and which had a weighted average occupancy of 95.2% as of September 30, 2006. We also own interests in eight retail and development properties, which encompass approximately 516,000 rentable square feet. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet. We also own approximately 25% of the outstanding common stock of Gramercy.

We were incorporated in the State of Maryland on June 10, 1997. Our principal executive offices are located at 420 Lexington Avenue, New York, New York 10170 and our telephone number is (212) 594-2700. We maintain a website at *www.slgreen.com.* The information contained on or connected to our website is not incorporated by reference into, and you must not consider the information to be a part of, this prospectus supplement or the accompanying prospectus.

RECENT DEVELOPMENTS

Proposed Reckson Merger Transaction

On August 3, 2006, we entered into a definitive merger agreement with Reckson and Reckson Operating Partnership, L.P., or Reckson OP, pursuant to which we would acquire Reckson, and in connection therewith each holder of Reckson common stock will receive, for each share of Reckson common stock, a combination of $31.68 in cash (plus a prorated dividend for the current quarter) and 0.10387 shares of our common stock. In addition, in the merger we will assume approximately $2.0 billion of Reckson's outstanding indebtedness. Based on our and Reckson's current capitalization (but not taking into account the effects of this offering), we expect to issue shares of common stock in the merger representing approximately 19.8% of our common stock currently outstanding. Under the terms of the merger agreement, Reckson will merge with and into a subsidiary of our company, with such subsidiary continuing after the merger as the surviving entity. In addition, under the terms of the merger agreement, a subsidiary of our company will merge with and into Reckson OP, with Reckson OP continuing after the merger as the surviving entity. The merger agreement was approved by our board of directors and by a special committee comprised of all of the independent directors of the board of directors of Reckson. Consummation of the merger is subject to customary closing conditions, including the approval of the stockholders of Reckson by the affirmative vote of at least two-thirds of the outstanding shares of Reckson's common stock.

As part of this transaction, we entered into a definitive sale agreement with an entity affiliated with three members of Reckson's management, pursuant to which we will cause Reckson to sell certain of its assets that are located in suburban markets and certain other assets for approximately $2.1 billion in cash to this entity immediately prior to the closing under the merger agreement. We entered into this transaction to limit the number of new markets in which we will be entering as a result of the Reckson merger in order to permit us to remain focused on our core New York City based portfolio.

On October 17, 2006, Reckson mailed a proxy statement to its stockholders in connection with the special meeting Reckson scheduled to be held on November 22, 2006 for its stockholders to consider and approve the merger, and the board of directors of Reckson recommended that its stockholders vote in favor of the proposed merger with us. On November 16, 2006, Reckson received a proposal, or the Rome proposal, from Rome Acquisition Limited Partnership, or Rome, a partnership formed by entities associated with Carl Icahn and Harry Macklowe, to acquire Reckson for $49.00 per share in cash for all of Reckson's outstanding shares, subject to continued due diligence. Reckson's board of directors determined by a vote of its independent directors, and in accordance with the merger agreement with us, to engage in discussions with Rome. On November 26, 2006, Rome informed Reckson by letter that it intended to deliver a definitive binding proposal no later than December 4, 2006. We, together with Reckson, determined to postpone the special meeting of Reckson stockholders in order to enable Reckson to evaluate the Rome proposal. The special meeting of Reckson stockholders was initially postponed and rescheduled for November 28, 2006 and has been subsequently postponed and rescheduled for December 6, 2006. On November 27, 2006, Reckson requested that Rome resolve, to Reckon's satisfaction, certain legal and structural issues regarding its proposal by Wednesday, November 29, 2006 with the goal that Reckson could gain full confirmation and transparency regarding such proposal by Friday, December 1, 2006. Reckson specifically requested, among other things, that Rome provide a detailed debt and equity financing structure for its proposal (including loan committment letters) to Reckson by no later than Wednesday, November 29, 2006 if Reckson is expected to be in a position to properly evaluate the Rome proposal. On November 29, 2006, we have been advised that Mack-Cali Realty, L.P., a wholly owned subsidiary of Mack-Cali Realty Corporation, has agreed to become a partner of Rome and, upon finalization of an amendment to the limited partnership agreement, has agreed to contribute at least an additional $300 million. Reckson cautioned that to date, Rome has not made a binding proposal to acquire Reckson and no assurances can be provided that a binding proposal will be forthcoming in that timeframe or otherwise or that

such a proposal, if submitted, would result in a transaction with Reckson at either the price set forth in such proposal or otherwise. Reckson continues to remain subject to a binding merger agreement with us. The Reckson board, by a vote of its independent directors, has reaffirmed its recommendation of Reckson's pending merger with us.

Reckson is a self-administered and self-managed REIT specializing in the ownership, operation, acquisition, leasing, financing, management and development of commercial real estate properties, principally office and to a lesser extent flex properties, and also owns certain land parcels for future development located in the tri-state area markets surrounding New York City. Reckson's growth strategy is focused in these markets and based on industry surveys, Reckson's management believes it is one of the largest owners and operators of Class A central business district and suburban office properties in the New York tri-state area. Currently, Reckson wholly owns or has interests in a total of 101 properties comprised of approximately 20.2 million square feet. In addition, Reckson's inventory of land parcels aggregates approximately 305 acres in nine separate parcels.

Pursuant to the merger agreement, if in connection with determining that the Rome proposal constitutes a superior competing transaction (as defined in the merger agreement) the Reckson board of directors desires to withdraw or modify, in a manner adverse to us, the favorable recommendation of the merger to its stockholders or terminate the merger agreement, they must give us notice prior to taking any such action, which we refer to as a superior notice. We have three business days after receiving a superior notice, which must be accompanied by a copy of the form of definitive agreement proposed to be entered into in respect of such superior competing transaction, to make a matching or superior offer to the superior competing transaction. The Reckson board of directors is still in discussions with Rome and has not, as of the date of this prospectus supplement, delivered to us a superior notice. It is uncertain whether or when the Reckson board of directors would deliver to us a superior notice.

As a result of the Rome proposal, we have been evaluating whether to make an amended offer to purchase Reckson if and when we receive a superior notice. Absent a significant movement in our stock price, which of course automatically would increase the value of the consideration due to the Reckson shareholders, we have no intention of increasing the price we pay for Reckson to $49 per share. In connection with our evaluation, we have been exploring a number of strategic options including (i) a variety of financing arrangements that could involve fixed or floating rate long-term, short-term or bridge debt or bridge equity, (ii) entering into joint ventures or other strategic alliances for all or a portion of the assets we would acquire in connection with the merger and/or (iii) a combination of these options. There can be no assurance that we will make an amended offer and, in the event we make an amended offer, no assurances can be given regarding the timing or terms of any such offer. These strategic options could replace or supplement the terms of our previously disclosed financing arrangements intended to finance the purchase of Reckson. We may choose not to continue to pursue these strategic options at any time, or, alternatively, we may choose to pursue strategic options that are different than those listed above. There is no assurance that any of these strategic options are available to us on terms we find acceptable, if at all, or within the time frames we might be seeking or that any of them will be consummated. The terms of these strategic options vary materially and are subject to a number of variables that could change in a short time frame, including prior to the closing of this offering.

If we make an amended offer and take advantage of a strategic option we find acceptable, there is no assurance that we would recognize any of the benefits we anticipated receiving in connection with the merger agreement as currently in effect or the benefits we may anticipate receiving as a result of any amended offer we make or strategic option we execute. In addition, our stockholders and analysts may not view the terms of our amended offer positively and our stock price could decline as a result thereof. Further, there is no assurance that either (i) the Reckson stockholders will approve our current merger agreement if no superior notice is delivered, (ii) that a different competing proposal will not be

delivered to the Reckson board of directors or (iii) that any amended offer by us would be accepted by the Reckson board of directors. In the event that the merger agreement is terminated, our portfolio and business will be materially different from the portfolio and business we would have owned had the merger been consummated. Subject to the terms and conditions set forth in the merger agreement, we may be entitled to receive a break-up fee of $99,800,000 and reimbursement of our out-of-pocket third party expenses not to exceed $13,000,000 in the event that the merger agreement is terminated by us or Reckson following any delivery by Reckson of a superior notice. However, our ability to receive all of the break-up fee at the time of the termination, if at all, may be limited by our need to comply with the REIT source of income requirements. In addition, under the terms of the sale agreement with an entity affiliated with certain members of Reckson's management as described above, we are required to pay approximately $8,000,000 of the break-up fee and a percentage of the break-up expenses received by us to this entity, if we receive the break-up fee and break-up expenses.

Announcement of our Annual Investor Conference

On November 27, 2006, we announced that we will hold our 2006 Annual Investor Conference and Property Tour on Monday, December 4, 2006. Prior to the conference, we intend to announce our fourth quarter dividend. We will also provide earnings guidance for 2007 at the conference. The management presentation will begin at 1:30 p.m. EST and will be available via webcast and teleconference in listen only mode.

RISK FACTORS

In addition to the risks relating to our business which are included in the accompanying prospectus and in our Annual Report on Form 10-K for the year December 31, 2005, you should carefully consider the following material risk factors before making an investment in our common stock.

The market price of our common stock may decline if our proposed merger with Reckson is not completed.

The market price of our common stock may decline, perhaps substantially, if our proposed merger with Reckson is not completed, whether as a result of the competing Rome proposal, the failure of the Reckson stockholders to approve the merger at the special meeting of the Reckson stockholders, the pending class action lawsuits seeking to enjoin the merger, or otherwise.

Our proposed merger with Reckson and the timing thereof are not within our control and are uncertain.

The board of directors of Reckson is considering a competing merger proposal from Rome and has twice postponed the timing of the Reckson special meeting of stockholders, now tentatively scheduled for December 6, 2006. The Reckson board of directors could determine that the Rome proposal is a superior proposal and decide to pursue the Rome proposal instead of the merger with us, whether or not we improve the terms of our bid. As a result, we do not control whether our merger with Reckson will be consummated or, if so, the timing thereof.

Our operations and stock price could be affected negatively if we increase our offer for Reckson.

We are considering various strategic options and financing alternatives in order to determine whether or not we would increase our offer if the Reckson board of directors determines that the Rome proposal is a superior competing transaction (which would require that we be given the opportunity to top such proposal). Should we increase our offer for Reckson, such increase, as well the consummation of the merger in accordance with the terms of the increased offer, may have a material adverse effect on the market price of our common stock. In addition, there is no assurance that any of the previously discussed strategic options are available to us on terms we find acceptable, if at all, or within the time frames we might be seeking or that any of them will be consummated. The terms of these strategic options vary materially and are subject to a number of variables that could change in a short time frame, including prior to the closing of this offering. These changes could have a material adverse effect on our operations and/or the market price of our common stock.

The pending class action lawsuits may adversely affect our and Reckson's ability to consummate the merger.

Since August 4, 2006, six purported class action lawsuits have been filed by Reckson stockholders in New York state and Maryland state courts, seeking to enjoin the proposed merger and the proposed acquisition of certain Reckson assets by the asset purchasing venture owned by certain affiliates of Reckson. The plaintiffs assert, among other things, claims of breach of fiduciary duty against Reckson and its directors, and, in the case of three lawsuits, claims of aiding and abetting breach of fiduciary duty by us. The lawsuits also seek damages, attorneys' fees and costs. While these cases are in their early stages, Reckson and our company believe that the cases are without merit and intend to contest them vigorously. However, any judgments in respect of these lawsuits adverse to Reckson and our company may adversely affect Reckson's and our ability to consummate the merger.

The market price of our common stock and our earnings per share may decline as a result of the merger with Reckson.

The market price of our common stock may decline as a result of the merger with Reckson if, among other things, we do not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the merger on our financial results is not consistent with the expectations of financial or industry analysts. In addition, the failure to achieve expected benefits and unanticipated costs relating to the merger could reduce our future earnings per share.

If we are unable to successfully integrate the operations of Reckson, its business and earnings may be negatively affected and could impact our ability to timely achieve cost savings associated with the merger and could adversely affect our earnings per share and the market price of our common stock.

The merger with Reckson will involve the integration of companies that have previously operated independently. Successful integration of the operations of Reckson will depend primarily on our ability to consolidate operations, systems procedures, properties and personnel and to eliminate redundancies and costs. The merger will also pose other risks commonly associated with similar transactions, including unanticipated liabilities, unexpected costs and the diversion of management's attention to the integration of the operations of our company and Reckson. We cannot assure you that we will be able to integrate Reckson's operations without encountering difficulties, including, but not limited to, the loss of key employees, the disruption of its respective ongoing businesses or possible inconsistencies in standards, controls, procedures and policies. Estimated cost savings are projected to come from various areas that we have identified through the due diligence and integration planning process. If we have difficulties with any of these integrations, we might not achieve the economic benefits we expect to result from the merger, and this may hurt our business and earnings. In addition, we may experience greater than expected costs or difficulties relating to the integration of the business of Reckson and/or may not realize expected cost savings from the merger within the expected time frame, if at all. Our failure to integrate Reckson successfully in a timely manner could adversely affect our earnings per share and the market price of our common stock.

We would incur adverse tax consequences if Reckson failed to qualify as a REIT for United States federal income tax purposes.

If Reckson failed to qualify as a REIT for federal income tax purposes in any taxable year, it will have been subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Unless statutory relief provisions apply, Reckson also would have been disqualified from treatment as a REIT for the four taxable years following the year during which it lost qualification. If Reckson were not to qualify as a REIT at the time of the merger, Reckson would incur a corporate level federal income tax liability in connection with the merger, which will be treated as a taxable asset sale by Reckson for federal income tax purposes. The resulting gain subject to tax would generally be equal to the excess of the value of the merger consideration and the Reckson liabilities assumed by us at the time of the merger over Reckson's adjusted tax basis in its assets at that time.

Based upon our own due diligence and a tax opinion that will be issued at closing of the Reckson merger (covering the period from January 1, 2000 to the closing of the merger), we believe that Reckson has at all times since 1995, the year in which its initial public offering occurred, qualified and will continue to qualify as a REIT for United States federal income tax purposes and that we will be able to continue to qualify as a REIT following the merger. However, if Reckson has failed or fails to qualify as a REIT and the merger is completed, we generally would succeed to or incur significant tax liabilities (including the significant tax liability that would result from the deemed sale of assets by

Reckson pursuant to the merger), and we could possibly lose our REIT status should disqualifying activities continue after the acquisition.

In addition, if Reckson did not qualify as a REIT at any time during the 10 years preceding the merger, even if it qualifies as a REIT at the time of the merger, Reckson would incur a corporate level federal income tax liability in connection with the merger based on the taxable gain that existed with respect to its assets at the time if re-qualified as a REIT following such disqualification. Again, as successor to Reckson, we would succeed to this tax liability. As noted above, we believe that Reckson will have qualified as a REIT at all times during the relevant 10-year period.

REITs are subject to a range of complex organizational and operational requirements. As REITs, our company and Reckson must each distribute with respect to each year at least 90% of its REIT taxable income to its stockholders. Other restrictions apply to a REIT's income and assets. For any taxable year that our company or Reckson fails to qualify as a REIT, it will not be allowed a deduction for dividends paid to its stockholders in computing taxable income and thus would become subject to United States federal income tax as if it were a regular taxable corporation. In such an event, it could be subject to potentially significant tax liabilities. Unless entitled to relief under certain statutory provisions, our company or Reckson, as the case may be, would also be disqualified from treatment as a REIT for the four taxable years following the year in which it lost its qualification. If our company or Reckson failed to qualify as a REIT, the market price of our common stock may decline and we may need to reduce substantially the amount of distributions to our stockholders because of our increased tax liability.

If the Reckson merger does not occur, our ability to receive all of the break-up fee at the time of the termination, if at all, may be limited by our need to comply with the REIT source-of-income requirements.

CAPITALIZATION

The following table sets forth (i) our capitalization as of September 30, 2006 on a historical basis, and (ii) our capitalization on a pro forma basis to reflect the probable acquisition of Reckson, and (iii) our capitalization on a pro forma basis as adjusted to give effect to the sale of our common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us and the application of the expected net proceeds of this offering as set forth under "Use of Proceeds." The information set forth in the following table should be read in conjunction with the consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2005, our Quarterly Reports on Form 10-Q for the periods ended March 31, 2006, June 30, 2006 and September 30, 2006, and our Current Reports on Form 8-K filed on September 18, 2006 and November 28, 2006.

	As of September 30, 2006		
	Historical	**Pro Forma**	**Pro Forma As Adjusted**
Cash and cash equivalents	$ 176,444	$ 10,034	$
Mortgage notes payable	1,255,325	1,804,946	1,804,946
Revolving credit facilities		57,784	57,784
Senior unsecured notes		1,255,059	1,255,059
Term loan	525,000	1,379,500	1,379,500
Junior subordinate deferrable debentures held by trust	100,000	100,000	100,000
Stockholders' equity:			
7.625% Series C Cumulative Redeemable Preferred Stock, $.01 par value; 6,300 issued and outstanding on a historical, pro forma and pro forma as adjusted basis	151,981	151,981	151,981
7.875% Series D Cumulative Redeemable Preferred Stock, $.01 par value; 4,000 issued and outstanding on a historical, pro forma and pro forma as adjusted basis	96,321	96,321	96,321
Common Stock, $.01 par value; 100,000 shares authorized; 45,773,779 issued and outstanding on a historical basis, 54,808,840 issued and outstanding on a pro forma basis and issued and outstanding on a pro forma as adjusted basis	458	548	
Additional paid-in-capital and deferred compensation plans	1,268,491	2,280,628	
Accumulated other comprehensive loss	13,060	13,060	13,060
Total Stockholders' Equity	1,858,055	2,870,282	
Total Capitalization	$ 3,410,636	$ 7,139,827	$

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock began trading on the New York Stock Exchange, or the NYSE, on August 15, 1997 under the symbol "SLG." On November 28, 2006, the reported closing sale price per share of common stock on the NYSE was $137.70, and there were approximately 116 holders of record of our common stock. The table below sets forth the quarterly high and low closing sales prices of the common stock on the NYSE and the distributions declared per share of our common stock with respect to the periods indicated.

	High	Low	Declared Dividends
2005:			
First Quarter	$ 59.74	$ 52.70	$ 0.54
Second Quarter	$ 66.05	$ 55.38	$ 0.54
Third Quarter	$ 70.10	$ 64.76	$ 0.54
Fourth Quarter	$ 77.14	$ 63.80	$ 0.60
2006:			
First Quarter	$ 103.09	$ 77.70	$ 0.60
Second Quarter	$ 109.47	$ 95.31	$ 0.60
Third Quarter	$ 116.98	$ 106.50	$ 0.60
Fourth Quarter (as of November 28, 2006)	$ 143.00	$ 112.37	N/A

If dividends are declared in a quarter, those dividends will be paid during the subsequent quarter. We expect to continue our policy of distributing our taxable income through regular cash dividends on a quarterly basis, although there is no assurance as to future dividends because they depend on future earnings, capital requirements and financial condition.

USE OF PROCEEDS

We expect that the net proceeds from this offering will be approximately $ million, or approximately $ million if the underwriter's over-allotment option is exercised in full, after deducting underwriting discounts and commissions and our expenses. We will contribute the net proceeds from this offering to our operating partnership in exchange for additional units of limited partnership interest in our operating partnership, which have substantially identical economic terms as our common stock. Our operating partnership intends to use the net proceeds from this offering to fund acquisitions, which may include funding a portion of the cash purchase price relating to the Reckson transaction, and structured finance investments, to repay all or a portion of the amount outstanding under any of our borrowings, and for other general corporate and/or working capital purposes. See the section entitled "Recent Developments" for more detail relating to the terms of the Reckson transaction.

UNDERWRITING

General

Under the terms of an underwriting agreement, which will be filed as an exhibit to a current report on Form 8-K and incorporated by reference in this prospectus supplement and the accompanying prospectus, Lehman Brothers Inc., as underwriter in this offering, has agreed to purchase from us shares of our common stock.

The underwriting agreement provides that the underwriter's obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement, including:

- the obligation to purchase all shares of common stock offered hereby if any of the shares are purchased;
- the representations and warranties made by us to the underwriter are true;
- there is no material change in the financial markets; and
- we deliver customary closing documents to the underwriter.

Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we will pay to the underwriter. These amounts are shown assuming both no exercise and full exercise of the underwriter's option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriter pays us for the shares.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

The underwriter has advised us that it proposes to offer the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement, and to selected dealers, which may include the underwriter, at such public offering price less a selling concession not in excess of $ per share. After the offering, the underwriter may change the offering price and other selling terms.

The expenses of the offering that are payable by us are estimated to be $ (excluding underwriting discounts and commissions).

Option to Purchase Additional Shares

We have granted the underwriter an option exercisable for 30 days after the date of the underwriting agreement to purchase, from time to time, in whole or in part, up to an aggregate of additional shares of common stock, at the public offering price less the underwriting discounts and commissions. This option may be exercised if the underwriter sells more than shares of common stock in connection with this offering.

Lock-Up Agreement

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities that are substantially similar to our common stock, including any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, any shares of our common stock, without the prior written consent of the underwriter for a period of 30 days after the closing date of this offering, except issuances pursuant to the merger

with Reckson, (including any amended offer), employee benefit plans, qualified stock option plans, dividend reinvestment plans or other employee compensation plans existing on the date hereof, sales or offers in private placement transactions or direct placements to sellers relating to the acquisition of real property or interests therein or in conjunction with joint venture transactions, or the issuance of shares of our common stock upon the redemption of units of limited partnership interest in the Operating Partnership, but only with respect to such units of limited partnership that are outstanding as of the date of this prospectus supplement.

Listing

Our common stock is listed on the New York Stock Exchange under the symbol "SLG."

Indemnification

We have agreed to indemnify the underwriter against liabilities relating to the offering, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments that the underwriter may be required to make for these liabilities.

Stabilization and Short Positions

The underwriter may exercise its option to purchase additional shares or engage in stabilizing transactions and covering transactions, or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Securities Exchange Act of 1934, as amended:

Exercising an option to purchase additional shares involves sales by the underwriter of shares of common stock in excess of the number of shares the underwriter is obligated to purchase, which creates a short position. The underwriter may close out any short position by either exercising its option to purchase additional shares and/or purchasing shares of common stock in the open market.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover short positions.

These stabilizing transactions and covering transactions may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor the underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor the underwriter make any representation that the underwriter will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus supplement accompanied by a prospectus in electronic format may be made available on the Internet sites or through other online services maintained by the underwriter or by its affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriter may agree with us to allocate a specific number of shares for sale to online

brokerage account holders. Any such allocation for online distributions will be made by the underwriter on the same basis as other allocations.

Other than the prospectus supplement and accompanying prospectus in electronic format, the information on the underwriter's website and any information contained in any other website maintained by the underwriter is not part of the prospectus supplement, the accompanying prospectus or the registration statement of which the prospectus forms a part, has not been approved and/or endorsed by us or the underwriter and should not be relied upon by investors.

Stamp Taxes

If you purchase shares of common stock offered by this prospectus supplement, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering per share price listed on the cover page of this prospectus supplement. Accordingly, we urge you to consult a tax advisor with respect to whether you may be required to pay those taxes or charges, as well as any other tax consequences that may arise under the laws of the country of purchase.

Relationships

From time to time Lehman Brothers and its affiliates have, directly or indirectly, provided investment and commercial banking or financial advisory services to our company, its affiliates and other companies in our industry, for which they have received customary fees and commissions, and expect to provide these services to us and others in the future, for which they expect to receive customary fees and commissions. An affiliate of the underwriter is a lender under our unsecured revolving credit facility; however, no amounts are currently outstanding under such revolving credit facility. Therefore, none of the proceeds of this offering will be repayable to such affiliate.

LEGAL MATTERS

The validity of the issuance of the common stock offered hereby will be passed upon for us by Clifford Chance US LLP, New York, New York, and for the underwriter by Hogan & Hartson LLP, and the legal matters described under "Material Federal Income Tax Consequences" in the accompanying prospectus will be passed upon by Greenberg Traurig, LLP, New York, New York.

EXPERTS

The consolidated financial statements of SL Green Realty Corp., appearing in SL Green Realty Corp.'s Current Report (Form 8-K dated September 18, 2006), for the year ended December 31, 2005 (including the schedule appearing therein), and SL Green Realty Corp. management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 included in SL Green Realty Corp.'s Annual Report (Form 10-K), and the consolidated financial statements of Rock-Green Inc. appearing in SL Green Realty Corp.'s Annual Report (Form 10-K) for the year ended December 31, 2005, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Reckson Associates Realty Corp. for the year ended December 31, 2005 (including the schedule appearing therein) and Reckson Associates Realty Corp. management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 included therein, appearing in SL Green Realty Corp.'s Current Report (Form 8-K dated November 28, 2006), have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains an Internet website (http://www.sec.gov) that contains reports, proxy statements and information statements, and other information regarding issuers that file electronically with the SEC. Our SEC filings are also available on our Internet website (http://www.slgreen.com). The information contained on or connected to our website is not, and you must not consider the information to be, a part of this prospectus supplement or the accompanying prospectus. Our securities are listed on the NYSE and all such material filed by us with the NYSE also can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus supplement is a part, under the Securities Act with respect to the securities. This prospectus supplement does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information concerning our company and the securities, reference is made to the registration statement. Statements contained in this prospectus as to the contents of any contract or other documents are not necessarily complete, and in each instance, reference is made to the copy of such contract or documents filed as

exhibits to the registration statement, each such statement being qualified in all respects by such reference.

The SEC allows us to "incorporate by reference" information into this prospectus supplement, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except for any information superseded by information in this prospectus supplement. This prospectus supplement incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us, our business and our finances.

Document	Period
Annual Report on Form 10-K (File No. 1-13199)	Year ended December 31, 2005
Quarterly Reports on Form 10-Q (File No. 1-13199)	Quarter ended March 31, 2006 Quarter ended June 30, 2006 Quarter ended September 30, 2006
	Filed
Current Reports on Form 8-K and 8-K/A (File No. 1-13199)	January 24, 2006 (with respect to Item 8.01 only) March 21, 2006 March 24, 2006 April 25, 2006 (with respect to Items 1.01 and 8.01 only) June 16, 2006 (filed pursuant to Item 8.01) July 7, 2006 July 18, 2006 August 9, 2006 August 18, 2006 September 14, 2006 September 18, 2006 September 22, 2006 October 19, 2006 October 24, 2006 (with respect to Item 8.01 only) October 27, 2006 November 28, 2006
	Filed
Definitive Proxy Statement on Schedule 14A (File No. 1-13199)	April 17, 2006
	Filed
Description of our common stock contained in our Registration Statement on Form 8-A (File No. 1-13199)	July 21, 1997
Description of the rights to purchase shares of our Series B junior participating preferred stock contained in our Registration Statement on Form 8-A (File No. 1-13199)	March 16, 2000

	Filed
Description of our Series C cumulative redeemable preferred stock contained in our Registration Statement on Form 8-A (File No. 1-13199)	December 10, 2003
Description of our Series D cumulative redeemable preferred stock contained in our Registration Statement on Form 8-A (File No. 1-13199)	May 20, 2004
Description of our Series D cumulative redeemable preferred stock contained in our Registration Statement on Form 8-A/A (File No. 1-13199)	July 14, 2004

All documents which we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus supplement but before the termination of the offering of securities made under this prospectus supplement will also be deemed to be incorporated by reference.

If you request, either orally or in writing, we will provide you with a copy of any or all documents which are incorporated by reference. Such documents will be provided to you free of charge, but will not contain any exhibits, unless those exhibits are specifically incorporated by reference into those documents. Requests should be addressed to Andrew S. Levine, Esq., SL Green Realty Corp., 420 Lexington Avenue, New York, NY 10170, telephone number (212) 594-2700.

PROSPECTUS

Common Stock, Preferred Stock, Depositary Shares Representing Preferred Stock and Warrants

We may from time to time offer, in one or more series or classes, separately or together, and in amounts, at prices and on terms to be set forth in one or more supplements to this prospectus, the following securities:

- shares of common stock, par value $.01 per share;
- shares of preferred stock, par value $.01 per share;
- depositary shares representing entitlement to all rights and preferences of fractions of shares of preferred stock of a specified series and represented by depositary receipts; or
- warrants to purchase shares of common stock, preferred stock or depositary shares.

We refer to the common stock, preferred stock, depositary shares and warrants collectively as the "securities" in this prospectus.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be set forth in the applicable prospectus supplement. The prospectus supplement will also contain information, where applicable, about certain federal income tax considerations relating to, and any listing on a securities exchange of, the securities covered by such prospectus supplement. It is important that you read both this prospectus and the applicable prospectus supplement before you invest in the securities.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. The prospectus supplement will describe the terms of the plan of distribution and set forth the names of any agents, dealers or underwriters involved in the sale of the securities. See "Plan of Distribution" beginning on page 50 for more information on this topic. No securities may be sold without delivery of a prospectus supplement describing the method and terms of the offering of those securities.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol "SLG." On November 27, 2006, the closing sale price of our common stock on the NYSE was $134.90 per share. Our 7.625% Series C cumulative redeemable preferred stock, liquidation preference $25.00 per share, is listed on the NYSE under the symbol "SLGPrC." On November 27, 2006, the closing sale price of our 7.625% Series C cumulative redeemable preferred stock on the NYSE was $25.84 per share. Our 7.875% Series D cumulative redeemable preferred stock, liquidation preference $25.00 per share, is listed on the NYSE under the symbol "SLGPrD." On November 27, 2006, the closing sale price of our 7.875% Series D cumulative redeemable preferred stock on the NYSE was $26.10 per share.

See "Risk Factors" beginning on page 2 of this prospectus for a description of risk factors that should be considered by purchasers of the securities.

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

The date of this prospectus is November 28, 2006.

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You should rely only on the information contained or incorporated by reference in this prospectus and any accompanying prospectus supplement. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this prospectus, any accompanying prospectus supplement and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on other dates which are specified in those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or the SEC, in accordance with General Instruction I.D. of Form S-3, using a "shelf" registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act of 1933, as amended, or the Securities Act. Under the shelf process, we may, from time to time, sell the offered securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of the securities being offered and the specific manner in which they will be offered. The prospectus supplement may also add, update or change information contained in this prospectus.

This prospectus and any accompanying prospectus supplement do not contain all of the information included in the registration statement. We have omitted parts of the registration statement in accordance with the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3 of which this prospectus is a part, including its exhibits. Statements contained in this prospectus and any accompanying prospectus supplement about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

You should read this prospectus together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in "Where You Can Find More Information" below. Information incorporated by reference after the date of this prospectus may add, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus or any earlier prospectus supplement.

As used in this prospectus, unless the context otherwise requires, the terms "we," "us," "our" and "our company" refer to SL Green Realty Corp. all entities owned or controlled by SL Green Realty Corp., including SL Green Operating Partnership, L.P., our operating partnership. In addition, the term "properties" means those which we directly own by holding fee title, leasehold or otherwise or indirectly own, in whole or in part, by holding interests in entities that own such properties.

INFORMATION ABOUT SL GREEN

We are a self-managed real estate investment trust, or a REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. We are the only such REIT to own, manage, lease, acquire and reposition office properties predominantly located in Manhattan. We own substantially all of our assets and conduct all of our business through our operating partnership, SL Green Operating Partnership, L.P. We are the sole managing general partner of our operating partnership and as of September 30, 2006, we owned approximately 95.4% of the outstanding partnership interests in our operating partnership. All of the management and leasing operations with respect to our wholly-owned properties are conducted through SL Green Management LLC, or Management LLC. Our operating partnership owns a 100% interest in Management LLC.

Our primary business objective is to maximize total return to stockholders through growth in funds from operations and appreciation in the value of our assets during any business cycle. We seek to achieve this objective by assembling a high quality portfolio of Manhattan office properties and capitalizing on current opportunities in the Manhattan office market through: (i) property acquisitions (directly or through joint ventures) acquiring office properties at significant discounts to replacement costs with market rents at a premium to fully escalated in-place rents which provide attractive initial yields and the potential for cash flow growth, as well as properties with significant vacancies; (ii) property repositioning repositioning acquired retail and commercial office properties that are under-performing through renovations, active management and proactive leasing; (iii) property dispositions; (iv) integrated leasing and property management; and (v) structured finance investments inclusive of our investment in Gramercy Capital Corp., or Gramercy (NYSE: GKK), in the greater New York area. Generally, we focus on properties that are within a ten-minute walk of midtown Manhattan's primary commuter stations.

Our management team has developed a comprehensive knowledge of the Manhattan commercial real estate market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office and retail properties and repositioning them through intensive full-service management and leasing efforts.

As of September 30, 2006, our wholly-owned properties consisted of 20 commercial properties encompassing approximately 9.6 million rentable square feet, which had a weighted average occupancy (total leased square feet divided by total available square feet) of 97.0%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own seven commercial properties in Manhattan, encompassing approximately 8.8 million rentable square feet, and which had a weighted average occupancy of 95.2% as of September 30, 2006. We also own interests in eight retail and development properties, which encompass approximately 516,000 rentable square feet. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet. We also own approximately 25% of the outstanding common stock of Gramercy.

We were incorporated in the State of Maryland on June 10, 1997. Our principal executive offices are located at 420 Lexington Avenue, New York, New York 10170 and our telephone number is (212) 594-2700. We maintain a website at *www.slgreen.com.* The information contained on or connected to our website is not incorporated by reference into this prospectus, and you must not consider the information to be a part of this prospectus.

RISK FACTORS

This section describes some, but not all, of the risks of purchasing our securities. You should carefully consider the risks described below, in addition to the other information contained in this document, in an applicable prospectus supplement, or incorporated by reference herein or therein, before purchasing any of our securities. These risks are not the only ones faced by us. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. In connection with the forward-looking statements that appear in this prospectus, you should carefully review the factors discussed below and the cautionary statements referred to in "Forward-Looking Statements May Prove Inaccurate" beginning on page 17 of this prospectus. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and in the documents incorporated herein by reference.

Declines in the demand for office space in New York City, and in particular, in midtown Manhattan, resulting from general economic conditions could adversely affect the value of our real estate portfolio and our results of operations and, consequently, our ability to service current debt and to pay dividends to stockholders.

Most of our office properties are located in midtown Manhattan. As a result, our business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan, in particular. Weakness in the New York City economy could materially reduce the value of our real estate portfolio and our revenues, and thus adversely affect our ability to service current debt and to pay dividends to stockholders.

We may be unable to renew leases or relet space as leases expire.

When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, including the cost of required renovations, may be less favorable than current lease terms. Over the next five years, through the end of 2010, leases will expire on approximately 35.2% and 32.9% of the rentable square feet at our wholly-owned and joint venture properties, respectively. As of September 30, 2006, approximately 3.4 million and 2.7 million square feet are scheduled to expire by December 31, 2010 at our wholly-owned and joint venture properties, respectively, and these leases currently have annualized escalated rental income totaling approximately $141.8 million and $134.2 million, respectively. If we are unable to promptly renew the leases or relet this space at similar rates, our cash flow and ability to service debt and pay dividends to stockholders would be adversely affected.

The expiration of long term leases or operating sublease interests could adversely affect our results of operations.

Our interest in six of our commercial office properties is through either long-term leasehold or operating sublease interests in the land and the improvements, rather than by a fee interest in the land. Unless we can purchase a fee interest in the underlying land or extend the terms of these leases before their expiration, we will lose our right to operate these properties and our interest in the improvements upon expiration of the leases, which would significantly adversely affect our results of operations. These properties are 673 First Avenue, 420 Lexington Avenue, 461 Fifth Avenue, 711 Third Avenue, 625 Madison Avenue and 521 Fifth Avenue. The average remaining term of these long-term leases, including our unilateral extension rights on each of the properties, is approximately 38 years. Pursuant to the operating sublease arrangements, we, as tenant under the operating sublease, perform the functions traditionally performed by landlords with respect to our subtenants. We are responsible for not only collecting rent from our subtenants, but also maintaining the property and paying expenses

relating to the property. The annualized escalated rents of these properties at September 30, 2006 totaled approximately $159.3 million, or 40.5%, of our total annualized revenue associated with wholly-owned properties.

Reliance on major tenants and insolvency or bankruptcy of these and other tenants could adversely affect our results of operations.

Giving effect to leases in effect as of September 30, 2006 for wholly-owned and joint venture properties as of that date, our five largest tenants, based on square footage leased, accounted for approximately 22.4% of our share of portfolio annualized rent, and, other than three tenants, Viacom International Inc., Credit Suisse Securities (USA) LLC and Omnicom Group, who accounted for approximately 8.3%, 4.1% and 3.5% of our share of portfolio annualized rent, respectively, no tenant accounted for more than 3.3% of that total. Our business would be adversely affected if any of these tenants or any other tenants became insolvent, declared bankruptcy or otherwise refused to pay rent in a timely fashion or at all.

We may suffer adverse consequences if our revenues decline since our operating costs do not necessarily decline in proportion to our revenue.

We earn a significant portion of our income from renting our properties. Our operating costs, however, do not necessarily fluctuate in relation to changes in our rental revenue. This means that our costs will not necessarily decline even if our revenues do. Our operating costs could also increase while our revenues do not. If our operating costs increase but our rental revenues do not, we may be forced to borrow to cover our costs, we may incur losses and we may not have cash available for distributions to our stockholders.

We face risks associated with property acquisitions.

Since our initial public offering, we have made acquisitions of individual properties and portfolios of properties. We intend to continue to acquire individual properties and portfolios of properties, including large portfolios that could significantly increase our size and alter our capital structure. Our acquisition activities and their success may be exposed to the following risks:

- we may be unable to acquire a desired property because of competition from other well capitalized real estate investors, including publicly traded REITs, institutional investment funds and private investors;
- even if we enter into an acquisition agreement for a property, it is usually subject to customary conditions to closing;
- even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price;
- we may be unable to finance acquisitions on favorable terms or at all;
- acquired properties may fail to perform as we expected;
- our estimates of the costs of repositioning or redeveloping acquired properties may be inaccurate;
- acquired properties may be located in new markets where we may face ndebtedness or acquire, construct or improve a manufacturing plant or facility which is, or upon completion will be, a Principal Property.

Consolidation, Merger and Sale of Assets

The indenture provides that we may consolidate or merge with or into any other corporation, or lease, sell or transfer all or substantially all of our property and assets if:

the corporation formed by such consolidation or into which we are merged, or the party which acquires by lease, sale or transfer all or substantially all of our property and assets is a corporation organized and existing under the laws of the United States, any state in the United States or the District of Columbia;

the corporation formed by such consolidation or into which we are merged, or the party which acquires by lease, sale or transfer all or substantially all of our property and assets, agrees to pay the principal of, and any premium and interest on, the notes and perform and observe all covenants and conditions of the indenture by executing and delivering to the Trustee a supplemental indenture; and

immediately after giving effect to such transaction and treating indebtedness for borrowed money which becomes our obligation or an obligation of a Restricted Subsidiary as a result of such transaction as having been incurred by us or such Restricted Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, has happened and is continuing.

If, upon any such consolidation or merger, or upon any such lease, sale or transfer of any of our Principal Property or any shares of capital stock or indebtedness of any Restricted Subsidiary, owned immediately prior to the transaction, would thereupon become subject to any mortgage, security interest, pledge or lien securing any indebtedness for borrowed money of, or guaranteed by, such other corporation or party (other than any mortgage, security interest, pledge or lien permitted as described under Certain Covenants Restrictions on Secured Debt above), we, prior to such consolidation, merger, lease, sale or transfer, will, by executing and delivering to

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the Trustee a supplemental indenture, secure the due and punctual payment of the principal of, and any premium and interest on, the notes (together with, if we decide, any other indebtedness of, or guaranteed by, us or any Restricted Subsidiary then existing or thereafter created) equally and proportionately with (or, at our option, prior to) the indebtedness secured by such mortgage, security interest, pledge or lien.

Reports

We will file with the Trustee, within 15 days after we are required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies thereof as the Commission may from time to time by rules and regulations prescribe) which we may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if we are not required to file information, documents or reports under those Sections, then we will file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in those rules and regulations.

Events of Default

With respect to the notes of each series, an Event of Default is defined in the indenture as being:

- a failure to pay interest upon the notes of that series that continues for a period of 30 days after payment is due;
- a failure to pay the principal or premium, if any, on the notes of that series when due upon maturity, redemption, acceleration or otherwise;
- a failure to comply with any of our other agreements contained in the indenture applicable to the notes of that series for a period of 90 days after written notice to us of such failure from the Trustee (or to us and the Trustee from the holders of at least 25% of the principal amount of the notes of that series); and
- certain events of bankruptcy, insolvency or reorganization relating to us.

The indenture provides that if there is a continuing Event of Default with respect to either outstanding series of notes, either the Trustee or the holders of at least 25% of the outstanding principal amount of the notes of that series may declare the principal amount of all of the notes of that series to be due and payable immediately. However, at any time after the Trustee or the holders, as the case may be, declare an acceleration with respect to notes of either series, but before the applicable person has obtained a judgment or decree based on such acceleration, the holders of a majority in principal amount of the outstanding notes of that series may, under certain conditions, cancel such acceleration if we have cured all Events of Default (other than the nonpayment of accelerated principal) with respect to notes of that series or all such Events of Default have been waived as provided in the indenture. For information as to waiver of defaults, see Modification and Waiver.

The indenture provides that, subject to the duties of the Trustee to act with the required standard of care, if there is a continuing Event of Default, the Trustee need not exercise any of its rights or powers under the indenture at the request or direction of any of the holders of notes, unless such holders have offered to the Trustee reasonable security or indemnity. Subject to such provisions for security or indemnification of the Trustee and certain other conditions, the holders of a majority in principal amount of the outstanding notes of each series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power the Trustee holds with respect to the notes of that series.

No holder of any note of either series will have any right to institute any proceeding with respect to the indenture or for any remedy under the indenture unless:

the Trustee has failed to institute such proceeding for 60 days after the holder has previously given to the Trustee written notice of a continuing Event of Default with respect to notes of that series;

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the holders of at least 25% in principal amount of the outstanding notes of that series have made a written request, and offered reasonable security or indemnity, to the Trustee to institute such proceeding as Trustee; and

the Trustee has not received from the holders of a majority in principal amount of the outstanding notes of that series a direction inconsistent with such request.

However, the holder of any note will have an absolute and unconditional right to receive payment of the principal of, and any premium or interest on, such note on or after the date or dates they are to be paid as expressed in such note and to institute suit for the enforcement of any such payment.

We are required to furnish to the Trustee annually a statement as to the absence of certain defaults under the indenture. The indenture provides that the Trustee need not provide holders of notes of either series notice of any default (other than the nonpayment of principal or any premium or interest) if it considers it in the interest of the holders of notes of that series not to provide such notice.

Modification and Waiver

We and the Trustee may modify or amend the indenture with the consent of the holders of a majority of the principal amount of the outstanding notes of each series affected by the modification or amendment. However, no such modification or amendment may, without the consent of the holders of all then outstanding notes of the affected series:

change the due date of the principal of, or any installment of principal of or interest on, the notes of that series;

reduce the principal amount of, or any premium or interest rate on, the notes of that series;

change the place or currency of payment of principal of, or any premium or interest on, the notes of that series;

impair the right to institute suit for the enforcement of any payment on or with respect to the notes of that series after the due date thereof; or

reduce the percentage in principal amount of the notes of that series then outstanding, the consent of whose holders is required for modification or amendment of the indenture, for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults.

The holders of a majority of the principal amount of the outstanding notes of any series may waive, insofar as that series is concerned, future compliance by us with certain restrictive covenants of the indenture. The holders of at least a majority in principal amount of the outstanding notes of any series may waive any past default under the indenture with respect to that series, except a failure by us to pay the principal of, or any premium or interest on, any notes of that series or a provision that cannot be modified or amended without the consent of the holders of all outstanding notes of the affected series.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee or stockholder of ours will have any liability for any of our obligations under the notes or the indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes.

Defeasance

Defeasance and Discharge

The indenture provides that we may be discharged from any and all obligations in respect of the notes of either series (except for certain obligations to register the transfer or exchange of notes of that series, to replace

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stolen, destroyed, lost or mutilated notes of that series, to maintain paying agencies, to compensate and indemnify the Trustee or to furnish the Trustee (if the Trustee is not the registrar) with the names and addresses of holders of notes of that series)). We will be so discharged if we irrevocably deposit with the Trustee, in trust, money and/or securities of the United States government in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay each installment of principal of, and any premium and interest on, the notes of that series on the applicable due dates for those payments in accordance with the terms of those notes.

This discharge may occur only if, among other things, we have delivered to the Trustee an opinion of counsel confirming that the holders of the notes of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and will be subject to United States federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the discharge had not occurred. That opinion must state that we have received from, or there has been published by, the United States Internal Revenue Service a ruling or, since the date of execution of the indenture, there has been a change in the applicable United States federal income tax law, in any case, in support of that opinion.

Defeasance of Certain Covenants and Certain Events of Default

The indenture provides that, upon compliance with certain conditions:

- we may omit to comply with the covenants described under Certain Covenants Restrictions on Secured Debt and Certain Covenants Restrictions on Sale and Lease-Back Transactions (all other obligations under the notes of that series will remain in full force and effect); and
- any omission to comply with those covenants will not constitute an Event of Default with respect to the notes of that series (*covenant defeasance*).

The conditions include:

- depositing with the Trustee money and/or securities of the United States government in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay each installment of principal of, any premium and interest on the notes of that series on the due dates for those payments in accordance with the terms of those notes; and
- delivering to the Trustee an opinion of counsel to the effect that the holders of the notes of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of the deposit and related covenant defeasance and will be subject to United States federal income tax on the same amounts and in the same manner and at the same times as would have been the case if the deposit and related covenant defeasance had not occurred.

Covenant Defeasance and Certain Other Events of Default

If we exercise our option to effect a covenant defeasance with respect to the notes of a series as described above and the notes of that series are thereafter declared due and payable because of an Event of Default (other than an Event of Default caused by failing to comply with the covenants that are defeased), the amount of money and securities we have deposited with the Trustee would be sufficient to pay amounts due on the notes of that series on their respective due dates but may not be sufficient to pay amounts due on the notes of that series at the time of acceleration resulting from such Event of Default. However, we would remain liable for such payments.

Governing Law

The indenture and the notes are governed by the laws of the State of New York.

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The Trustee

LaSalle Bank National Association is the Trustee under the indenture.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the indenture. The Trustee will exercise such of the rights and powers vested in it under the indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person s own affairs.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as any other capitalized terms used herein for which no definition is provided. Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles.

Attributable Debt is defined in the indenture to mean, in the context of a Sale and Lease-Back Transaction, what we believe in good faith to be the present value, discounted at the interest rate implicit in the lease involved in such Sale and Lease-Back Transaction, of the lessee s obligation under the lease for rental payments during the remaining term of such lease, as it may be extended. For purposes of this definition, any amounts lessee must pay, whether or not designated as rent or additional rent, on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges or any amounts lessee must pay under the lease contingent upon the amount of sales, maintenance and repairs, insurance, taxes, assessments, water rates or similar charges are not included in the determination of lessee s obligations under the lease.

Commission means the U.S. Securities and Exchange Commission.

Consolidated Net Tangible Assets is defined in the indenture to mean the total amount of assets minus:

- all applicable reserves;
- all current liabilities (excluding any liabilities which are by their terms extendible or renewable at the option of the obligor to a time more than 12 months after the time as of which the amount thereof is being computed and excluding current maturities of long-term indebtedness); and
- all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets,

all as shown in our audited consolidated balance sheet contained in our then most recent annual report to stockholders, except that assets will include an amount equal to the Attributable Debt in respect of any Sale and Lease-Back Transaction not capitalized on such balance sheet.

Default means any event which is, or after notice or passage of time or both would be, an Event of Default.

Event of Default has the meaning set forth under Events of Default.

Issue Date means the date on which the notes are initially issued.

Officer means the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President, the Treasurer or the Secretary of the specified Person.

Officers Certificate means a certificate signed by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary, and delivered to the Trustee.

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Person means any individual, corporation, company (including any limited liability company), association, partnership, joint venture, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

Principal Property is defined in the indenture to mean any manufacturing plant or manufacturing facility owned by us or any Restricted Subsidiary which is located within the United States and has a gross book value in excess of 1% of Consolidated Net Tangible Assets at the time of determination, except for any such plant or facility or any portion of such plant or facility which our board of directors does not deem material to the total business conducted by us and our Restricted Subsidiaries considered as one enterprise.

Restricted Subsidiary is defined in the indenture to mean any Subsidiary that has substantially all of its property located in or that conducts substantially all of its business within the United States (other than its territories or possessions and other than Puerto Rico) and that owns a Principal Property; however, any Subsidiary which is principally engaged in financing operations outside the United States or which is principally engaged in leasing or in financing installment receivables will not be considered a Restricted Subsidiary.

Sale and Lease-Back Transaction is defined in the indenture to mean the leasing by us or any Restricted Subsidiary of any Principal Property, whether owned at the date of the indenture or acquired after the date of the indenture (except for temporary leases for a term, including any renewal term, of up to three years and except for leases between us and any Restricted Subsidiary or between Restricted Subsidiaries), which property has been or is to be sold or transferred by us or such Restricted Subsidiary to any party with the intention of taking back a lease of such property.

Subsidiary is defined in the indenture to mean any corporation in which we and/or one or more other Subsidiaries, directly or indirectly, own more than 50% of the outstanding voting stock.

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BOOK-ENTRY; DELIVERY AND FORM

The notes initially will be represented by one or more permanent global certificates in definitive, fully registered form (the Global Notes). The Global Notes will be deposited upon issuance with The Depository Trust Company, New York, New York (DTC) and registered in the name of a nominee of DTC in the form of a global certificate.

The Global Notes

DTC has advised us that pursuant to procedures established by it (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depositary and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with DTC (participants) or persons who hold interests through participants. Holders may hold their interests in the Global Notes directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC, or its nominee, is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture governing the notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC s procedures, in addition to those provided for under the indenture with respect to the notes.

Payments of the principal of, premium, if any, and interest (including additional interest) on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Notes. None of RR Donnelley, the trustee or any paying agent under the indenture governing the notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

DTC has advised us that its present practice is, upon receipt of any payment of principal, premium, if any, and interest (including additional interest) on the Global Notes, to credit immediately participants accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC. Payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way through DTC s same-day funds system in accordance with DTC rules and will be settled in same-day funds. If a holder requires physical delivery of a certificated security for any reason, including to sell notes to persons in states which require physical delivery of the notes, or to pledge such securities, such holder must transfer its interest in a Global Note, in accordance with the normal procedures of DTC and with the procedures set forth in the indenture governing the notes.

DTC has advised us that it will take any action permitted to be taken by a holder of notes, including the presentation of notes for exchange as described below, only at the direction of one or more participants to whose account the DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However,

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if there is an event of default under the indenture governing the notes, DTC will exchange the Global Notes for certificated securities, which it will distribute to its participants.

DTC has advised us as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (indirect participants).

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Clearstream. Clearstream is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides Clearstream Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by DTC for Clearstream.

Euroclear. Euroclear was created in 1968 to hold securities for participants of Euroclear (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator), under contract with Euro-clear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking Commission.

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Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the notes sold outside of the United States and cross-market transfers of the notes associated with secondary market trading.

Although DTC, Clearstream and Euroclear have agreed to the procedures provided below in order to facilitate transfers, they are under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

Clearstream and Euroclear will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream and Euroclear, as participants in DTC. When notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream or Euroclear through a participant at least one day prior to settlement. Clearstream or Euroclear, as the case may be, will instruct its U.S. agent to receive notes against payment. After settlement, Clearstream or Euroclear will credit its participant s account. Credit for the notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer notes to a DTC participant, the seller will be required to send instructions to Clearstream or Euroclear through a participant at least one business day prior to settlement. In these cases, Clearstream or Euroclear will instruct its U.S. agent to transfer these notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant s account will instead be valued as of the actual settlement date.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time zone differences there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States.

Certificated Notes

Certificated notes will be issued in exchange for beneficial interests in the Global Notes if DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by us within 90 days and in other limited circumstances specified in the indenture.

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UNITED STATES TAXATION

This section describes the material United States federal income tax consequences of owning the notes we are offering. It applies to you only if you acquire notes in the offering at the offering price and you hold your notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a bank,

a life insurance company,

a tax-exempt organization,

a person that owns notes that are a hedge or that are hedged against interest rate risks,

a person that owns notes as part of a straddle or conversion transaction for tax purposes, or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

If you purchase notes at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your tax advisor regarding this possibility.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

Please consult your own tax advisor concerning the consequences of owning these notes in your particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of a note and you are:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to United States Alien Holders below.

Payments of Interest. You will be taxed on interest on your note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Purchase, Sale and Retirement of the Notes. Your tax basis in your note generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest,

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and your tax basis in your note. Capital gain of a non-corporate United States holder that is recognized before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year.

United States Alien Holders

This subsection describes the tax consequences to a United States alien holder. You are a United States alien holder if you are the beneficial owner of a note and are, for United States federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation, or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a note.

If you are a United States holder, this subsection does not apply to you.

Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a United States alien holder of a note:

- we and other U.S. payors generally will not be required to deduct United States withholding tax from payments of principal and interest to you if, in the case of payments of interest:
  1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of stock of RR Donnelley entitled to vote,
  2. you are not a controlled foreign corporation that is related to RR Donnelley through stock ownership, and
  3. the U.S. payor does not have actual knowledge or reason to know that you are a United States person and:
     a. you have furnished to the U.S. payor an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person,
     b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the U.S. payor documentation that establishes your identity and your status as a non-United States person,
     c. the U.S. payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form) from a person claiming to be:

i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners),

ii. a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service), or

iii. a U.S. branch of a non-United States bank or of a non-United States insurance company,

and the withholding foreign partnership, qualified intermediary or U.S. branch has received documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service),

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d. the U.S. payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business,

i. certifying to the U.S. payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or an acceptable substitute form has been received from you by it or by a similar financial institution between it and you, and

ii. to which is attached a copy of the Internal Revenue Service Form W-8BEN or acceptable substitute form, or

e. the U.S. payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations; and

no deduction for any United States federal withholding tax will be made from any gain that you realize on the sale or exchange of your note.

Further, a note held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual s gross estate for United States federal estate tax purposes if:

the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of RR Donnelley entitled to vote at the time of death and

the income on the note would not have been effectively connected with a United States trade or businesses of the decedent at the same time.

Backup Withholding and Information Reporting

In general, if you are a non-corporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal and interest on your note. In addition, we and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of your note before maturity within the United States. Additionally, backup withholding will apply to any payments if you fail to provide an accurate taxpayer identification number, or you are notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

In general, if you are a United States alien holder, payments of principal or interest made by us and other payors to you will not be subject to backup withholding and information reporting, provided that the certification requirements described above under United States Alien Holders are satisfied or you otherwise establish an exemption. However, we and other payors are required to report payments of interest on your notes on Internal Revenue Service Form 1042-S even if the payments are not otherwise subject to information reporting requirements. In addition, payment of the proceeds from the sale of notes effected at a United States office of a broker will not be subject to backup withholding and information reporting provided that:

the broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the broker:

an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which you certify, under penalties of perjury, that you are not a United States person, or

other documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations, or

you otherwise establish an exemption.

If you fail to establish an exemption and the broker does not possess adequate documentation of your status as a non-United States person, the payments may be subject to information reporting and backup withholding.

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However, backup withholding will not apply with respect to payments made to an offshore account maintained by you unless the broker has actual knowledge that you are a United States person.

In general, payment of the proceeds from the sale of notes effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption.

In addition, payment of the proceeds from the sale of notes effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are U.S. persons, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

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UNDERWRITING

We are offering the notes described in this prospectus supplement through a number of underwriters. Banc of America Securities LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. are the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table.

Underwriter	Principal Amount of 2012 Notes	Principal Amount of 2017 Notes
Banc of America Securities LLC	$ 170,834,000	$ 170,834,000
Citigroup Global Markets Inc.	170,833,000	170,833,000
J.P. Morgan Securities Inc.	170,833,000	170,833,000
ABN AMRO Incorporated	31,250,000	31,250,000
Lazard Capital Markets LLC	25,000,000	25,000,000
ING Financial Markets LLC	25,000,000	25,000,000
Wells Fargo Securities, LLC	18,750,000	18,750,000
Piper Jaffray & Co.	12,500,000	12,500,000
Total	$ 625,000,000	$ 625,000,000

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us.

The underwriters have advised us that they propose initially to offer the notes to the public for cash at the public offering prices set forth on the cover of this prospectus supplement, and to certain dealers at such prices less a concession not in excess of 0.350% of the principal amount of the 2012 notes and a concession not in excess of 0.400% of the principal amount of the 2017 notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of 0.250% of the principal amount of the 2012 notes and a concession not in excess of 0.250% of the principal amount of the 2017 notes to certain other dealers. After the public offering of the notes, the public offering price and other selling terms may be changed.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts, will be approximately $300,000.

We have agreed to indemnify the underwriters against, or contribute to payments that the underwriters may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933.

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering of the notes, the representatives may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the representatives may overallot in connection with the offering, creating a short position. In addition, the representatives may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market price of the notes. The representatives will not be required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from

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and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe to the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA would not, if the issuer was not an authorized person, apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Affiliates of certain underwriters are lenders under our new senior revolving credit facility, and, therefore, will receive proceeds from the offering to the extent that the proceeds are used to repay borrowings under such facility. In addition, affiliates of certain underwriters have made commitments to make loans to us under an interim loan facility to finance in part our acquisition of Banta in the event the offering of notes made hereby is not completed. The underwriters and certain of their affiliates have provided from time to time, and may provide in the future, investment and commercial banking (including acting as lenders under each of the credit facilities described above) and financial advisory services to us and our affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions. In the ordinary course of their business, the underwriters and their affiliates may actively trade or hold the securities or our loans for their own accounts or for the accounts of customers and, accordingly, may at any time hold long or short positions in these securities or loans. In addition, from time to time, as a result of market-making activities, the underwriters may own debt securities issued by us or our affiliates.

Lazard Capital Markets LLC (Lazard Capital Markets) has entered into an agreement with Mitsubishi UFJ Securities (USA), Inc. (MUS(USA)) pursuant to which MUS(USA) provides certain advisory and/or other services to Lazard Capital Markets, including in respect of this offering. In return for the provision of such services by MUS(USA)) to Lazard Capital Markets, Lazard Capital Markets will pay to MUS(USA) a mutual agreed upon fee.

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VALIDITY OF THE NOTES

The validity of the notes will be passed upon for us by Sullivan & Cromwell LLP. Certain legal matters will be passed upon for the underwriters by Cahill Gordon & Reindel LLP.

EXPERTS

The consolidated financial statements incorporated in this prospectus supplement by reference from the R. R. Donnelley & Sons Company Current Report on Form 8-K filed December 22, 2006, and related financial statement schedule and management s report on the effectiveness of internal control over financial reporting incorporated in this prospectus supplement by reference from the R. R. Donnelley & Sons Company Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which report on the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph relating to the Company s acquisition on February 27, 2004 of all outstanding shares of Moore Wallace Incorporated) dated March 1, 2006 (December 22, 2006 as to references in segment information in Notes 4, 5 and 20), which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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R.R. Donnelley & Sons Company

Debt Securities

Warrants

Purchase Contracts

Units

Preferred Stock

Depositary Shares

Common Stock

R.R. Donnelley & Sons Company from time to time may offer to sell debt securities, warrants, and purchase contracts, either individually or in units, as well as preferred stock, either separately or represented by depositary shares, and common stock. The debt securities may be senior or subordinated to other indebtedness of R.R. Donnelley. The debt securities may be convertible into or exercisable or exchangeable for common or preferred stock or other securities of R.R. Donnelley. Any preferred stock or depositary shares issued may also be convertible into common stock or another series of preferred stock or depositary shares or convertible into or exchangeable for other securities. R.R. Donnelley s common stock is listed on the New York Stock Exchange, the Toronto Stock Exchange and the Chicago Stock Exchange under the ticker symbol RRD. Our common stock is also currently listed on NYSE Arca, Inc., but we have submitted a proposal for withdrawal from that listing.

R.R. Donnelley may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis.

The specific terms of any securities to be offered will be provided in supplements to this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated January 3, 2007.

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WHERE YOU CAN FIND MORE INFORMATION

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any documents filed by us at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public through the SEC s Internet site at http://www.sec.gov.

We have filed with the SEC a registration statement on Form S-3 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of the Company, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC s public reference room in Washington, D.C., as well as through the SEC s Internet site.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC s rules allow us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus.

We incorporate by reference into this prospectus the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

(1) Annual Report on Form 10-K for the fiscal year ended December 31, 2005;

(2) Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2006, June 30, 2006 and September 30, 2006;

(3) Current Reports on Form 8-K filed on February 22, 2006 (with respect to Items 5.03 and 9.01), March 1, 2006, March 23, 2006, April 27, 2006 (with respect to Item 5.02), June 5, 2006, June 14, 2006, July 7, 2006, July 19, 2006, August 18, 2006, October 13, 2006, November 1, 2006, December 21, 2006 and December 22, 2006;

(4) All documents filed by the Company under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or after the date of this prospectus and before the termination of this offering.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You can obtain those documents from our website at www.rrdonnelley.com or request them in writing or by telephone at the following address or telephone number:

R.R. Donnelley & Sons Company

111 South Wacker Drive

Chicago, Illinois 60606-4301

Telephone: (866) 425-8272

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THE COMPANY

RR Donnelley is the world s premier full-service provider of print and related services, including business process outsourcing. Founded more than 140 years ago, the Company provides solutions in commercial printing, direct mail, financial printing, print fulfillment, labels, forms, logistics, call centers, transactional print-and-mail, print management, online services, digital photography, color services, and content and database management to customers in the publishing, healthcare, advertising, retail, technology, financial services and many other industries. The largest companies in the world and others rely on RR Donnelley s scale, scope and insight through a comprehensive range of online tools, variable printing services and market-specific solutions.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from the R.R.Donnelley & Sons Company Current Report on Form 8-K filed December 22, 2006, and related financial statement schedule and management s report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from the R. R. Donnelley & Sons Company Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which report on the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph relating to the Company s acquisition on February 27, 2004 of all outstanding shares of Moore Wallace Incorporated) dated March 1, 2006 (December 22, 2006 as to references in segment information in Notes 4, 5 and 20), which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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$1,250,000,000

$625,000,000 5.625% Notes due 2012

$625,000,000 6.125% Notes due 2017

PROSPECTUS SUPPLEMENT

January 3, 2007

Joint Book-Running Managers

Banc of America Securities LLC

Citigroup

JPMorgan

Co-Managers

ABN AMRO Incorporated

ING Financial Markets

Lazard Capital Markets

Wells Fargo Securities

Piper Jaffray