# Technical Proposal

## Aqueduct

Aqueduct Operator LLC
Aqueduct Real Estate LLC
(SL Green / Hard Rock Bid)

June 29, 2010
4:00 pm

# Volume I - Table of Contents

# INSERT

# TAB

**Transmittal Letter**

**AQUEDUCT REAL ESTATE LLC**
**AQUEDUCT OPERATOR LLC**
c/o SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170

June 29, 2010

Ms. Gail P. Thorpe, Contracting Officer
New York State Division of the Lottery
Finance Office
One Broadway Center
Schenectady, NY 12305

Dear Ms. Thorpe:

Enclosed herein please find a complete Technical Proposal, as required under the Request for Proposals for Development and Operation of a Video Lottery Facility at Aqueduct Racetrack, dated May 11, 2010, on behalf of the Vendor, Aqueduct Operator LLC and Aqueduct Real Estate LLC (pursuant to a structure described in the Proposal). As I am sure you are aware, SL Green Realty Corp. ("SL Green") has been pursuing a license to develop and operate the VLT Facility at Aqueduct for several years. Over this time, we have assembled far and away the most qualified team, which will generate maximum revenues to the State on an expedited time frame, as well as deliver jobs to the local Queens community. Our team, comprised of SL Green, Hard Rock International LLC ("Hard Rock"), and Clairvest Group Inc. ("Clairvest"), is financially well-capitalized, has the most experience developing in New York City, and has the strongest brand/management experience operating gaming facilities. Strengthening our team further is Tishman Construction, as our general contractor, who is one of the largest developers of casinos in the world and SOSH Architects, who is the architect that prepared the original drawings for the NYRA/MGM 2003 Aqueduct video lottery facility proposal. Their addition to our team provides us with the confidence that we can deliver a first-class facility quicker and more efficiently than any other potential bidder.

I have provided below further detailed information regarding the investors in the Vendor's bid.

**Investors:**

A. **SL Green Realty Corp**

- SL Green is a fully integrated and self-managed real estate investment trust and is the largest owner of commercial properties in New York, owning over 30 million square feet. The company's stock is publicly traded on the New York Stock Exchange (NYSE) under the symbol "SLG". The named executive officers of SL Green are Marc Holliday (CEO), Andrew Mathias (President), Gregory Hughes (CFO), Andrew Levine (CLO) and Steven Green (Chairman).

- The majority of the investors of SL Green are institutional investors, with Fidelity Management & Research, Cohen & Steers Capital Management, Inc., Vanguard Group, Inc., Barclays Global Investors, N.A. and T. Rowe Price Associates, Inc.

- For any questions regarding the bid, please feel free to reach out to me, at (212) 216-1684 and our General Counsel and Chief Legal Officer, Andrew Levine, at (212) 216-1615, or you can also contact Ed Piccinich, at (212) 216-1638, for facility and site visit related questions. The above named individuals are all located at 420 Lexington Avenue, New York, NY 10170

B. **Hard Rock International, LLC**

- With a total of 148 venues in 52 countries, including 131 cafes and 13 Hotels/Casinos, Hard Rock International is one of the world's most globally recognized brands. Hard Rock is a subsidiary of the highest rated U.S. based operating company in the gaming industry with an investment grade rating by Moody's, S&P and Fitch.

- For purposes of contact, please feel free to reach out to Jim Allen (954) 327-7683, located at One Seminole Way, Hollywood, FL 33314

C. **Clairvest Group Inc.**

- Founded in 1987, Clairvest is a Toronto-based private equity investment firm with over C$750 million of equity capital under management. Clairvest invests in successful mid-market companies, principally in North America, across a wide array of industries. As of June 2010, Clairvest Group Inc. and its related entities have been involved in over 18 local market casinos spread across seven different casino investments and five jurisdictions.

- For purposes of contact, please feel free to reach out to Michael Wagman (416) 413-6006, located at 22 St. Clair Avenue East, Suite 1700, Toronto, Ontario M4T 2S3

D. **Dan Tishman** (Strategic Individual Partner)

E. **Jeff Gural** (Strategic Individual Partner)

F. **Caribbean Cage LLC - Robert L. Johnson** (Strategic Partner)

As you will see in the enclosed package, our team will outperform any other bidder in all aspects of the Lottery's Evaluation and Selection Criteria:

***Management/Experience***

- **Construction**: As the largest owner of commercial properties in New York, SL Green has recently completed over $220 million of ground-up construction and redevelopment properties in Manhattan. In addition, Tishman Construction, acting as our general contractor, is responsible for the construction of more than 450 million square feet of space incorporating facilities of every size and type: office, hotel, entertainment, residential, retail, medical, educational, transportation, recreational, and institutional.

  - **Major Support Received from Local Labor Groups:** The Building & Construction Trades Council, the NY Hotel & Motel Trades Council, SEIU Local 32BJ, the International Brotherhood of Electrical Workers Local Union No. 3, and the International Union of Operating Engineers Local 94.

- **Gaming/Hospitality**: Hard Rock is one of the most globally recognized entertainment and leisure brands, with a presence in 52 countries. Its casinos segment includes four Hard Rock Hotels and Casinos located in Tampa, Florida; Hollywood, Florida; Biloxi, Mississippi; and Macau. The four Hotel and Casinos have a total of 1,378 guest rooms and 9,566 gaming positions.

### *Marketing Plan*

- **Hard Rock Brand**: Hard Rock is well known for the unique, rock music-based, entertainment experience it provides for its customers. Critical components of the Hard Rock brand include its authentic rock memorabilia and broad range of highly distinctive collectible merchandise, possessing one of the world's most extensive collections of authentic rock memorabilia, comprising approximately 72,000 pieces.

- **Incremental Revenues to State**: Studies complied by The Innovation Group show that a Hard Rock branded facility, with its experienced management team, would generate a **23% premium** in VLT revenue as compared to an unbranded, non-destination racino.

- **Strategic Fit with Queens Community**: – Survey results show:
  - *By an eight to one margin*, Queens voters like the Hard Rock brand
  - *More than two thirds* of Queens voters say Aqueduct should be developed by a NY-based company like SLG
  - More than *four in five* say the company developing Aqueduct should have experience running casinos, which Hard Rock satisfies.

### *Speed to Market*

- While many bidders may claim that they can open and start generating revenues to the State immediately, we are the only bidder that has retained SOSH Architects, which are the architects that prepared the original drawings for the NYRA/MGM 2003 Aqueduct video lottery facility proposal. We estimate opening of a preliminary facility within **eight months** of final agreements being reached and signed with the State. In addition, our team has already identified space allocation for racing and gaming, and received **conceptual approval by NYRA.**

### *Capital Plan*

- **Best-in-Class Facility**: Our team has developed extensive plans to construct a first quality facility that will meet the lofty standards of the Hard Rock Brand and create a destination that will attract a wide range of patrons. As provided for in the Capital Plan Section of this bid submission, I trust that you will be impressed with our vision, which can quickly become a reality.

### *Financing Plan*

- **Well-Capitalized Investors**: The partners each possess liquid cash equity capital in amounts sufficient to fund their respective shares of the required equity as evidenced in the financial reports provided in the Proposal. In addition, the team, given its experience and reputation, has complete access to the capital markets and as a result has successfully executed a commitment letter to provide efficient financing to the project.

### *MWBE Plan/Experience*

- **Strong Commitment to MWBEs and Local Small Businesses:** During the last bidding process, more than 25 MWBE entities issued letters of support urging State leaders to select our bid, noting that SL Green and Tishman Construction have operated in NYC communities with MWBEs and small businesses successfully for many years. We have continued to engage Regional Alliance to help create additional initiatives in the community and to hold us accountable by monitoring our compliance.

I'd like to reemphasize to you that the investors making up the Vendor, SL Green, Hard Rock and Clairvest have individually and collectively the necessary financial resources to provide 100% of the equity required for the payment of the license fee to the State and other costs necessary for the VLT Facility further described in our bid package.

I am confident that you will find **certainty** in our team's performance and financial stability – certainty of execution, certainty of operations, and certainty of capital. I truly believe that we are the best-suited team with the ability to deliver a branded VLT Facility that is the best fit for Queens and surrounding neighborhoods while fulfilling the State's economic objectives.

Sincerely,

Marc Holliday

# INSERT

# TAB

## Acknowledgement of RFP Addenda

Attachment 1

## Vendor Acknowledgement of Addendum

RFP: Development and Operation of a Video Lottery Facility at Aqueduct Racetrack

Amendment Number: *See below

Date Issued: June 22, 2010

By signing below, the bidder attests to receiving and responding to the amendment number indicated above.

Bidder Name: [signature]

Company: Aqueduct Operator LLC

## RFP Amendments

Questions & Answers – Round #1 – Issued May 25, 2010

Questions & Answers – Mandatory Bidder's Conference of June 8, 2010 — Issued June 11, 2010

Questions & Answers – Trade & Shared Space Tours – Issued June 15, 2010

Questions & Answers – Round #2 – Issued June 22, 2010

NEW YORK LOTTERY

Attachment 1

## Vendor Acknowledgement of Addendum

RFP: Development and Operation of a Video Lottery Facility at Aqueduct Racetrack

Amendment Number: See Below

Date Issued: June 28, 2010

By signing below, the bidder attests to receiving and responding to the amendment number indicated above.

Bidder Name: Aqueduct Operator LLC

Company:

## RFP Amendments

NOTICE: This notice clarifies the requirements of the RFP and the MOU covering the payment of the upfront licensing fee. All participants in the competition for selection as the Developer and Operator of a Video Lottery Facility at Aqueduct Racetrack should be aware that in addition to the approvals of the Governor, the Temporary President of the Senate, and the Speaker of the Assembly, the MOU is also subject to approval as to form by the Attorney General and a fully executed copy of the MOU must be approved and filed in the Office of the State Comptroller pursuant to section 112 of the State Finance Law. The State does not intend to deliver the signed MOU to the selected Vendor until after all of those approvals have been obtained. Upon such delivery, the selected Vendor must ~~pay~~ Deposit the agreed upon upfront licensing fee ~~within ten (10) business days.~~ in escrow to be released in accordance with Section 5.2 of the enclosed Memorandum of Understanding.

# INSERT

# TAB

**Confirmation of Entry Fee**

**Section 3 – Entry Fee**

The undersigned, Andrew Levine, hereby certifies to the State of New York ("State") that he is the Chief Legal Officer of SL Green Realty Corp. ("SL Green"). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the proposed Memorandum of Understanding submitted by the Vendor on June 29, 2010. The undersigned hereby further certifies to the State as follows:

1. SL Green Realty Corp. (which is an investor in the Vendor) paid the $1.0 million Entry Fee prior to the mandatory bidders conference and that SL Green Realty Corp. attended the mandatory bidders conference.

   IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first written above.

SL GREEN REALTY CORP.,
A Maryland corporation

Andrew Levine, Chief Legal Officer

# INSERT

# TAB

**Disclosure of Litigation**

**Section 4 – Disclosure of Litigation and Other Information:**

| | |
|---|---|
| SL Green Realty Corp.: | To the best of SL Green's knowledge there is no pending or threatened litigation, administrative or regulatory proceedings or similar matters that would materially affect the Vendor. The officers of SL Green have not been convicted of any felony or any other criminal offense involving gaming violations, fraud, larceny of any sort, theft, misappropriation or conversion of funds or tax evasion. |
| Clairvest Group Inc: | To the best of Clairvest's knowledge there is no pending or threatened litigation, administrative or regulatory proceedings or similar matters that could materially affect Clairvest. Clairvest confirms that neither Clairvest nor any of its officers have ever been convicted of a felony or any other criminal offense involving gaming violations, fraud, larceny of any sort, theft, misappropriation or conversion of funds or tax evasion. Clairvest is a public company in Ontario, Canada and cannot make any representations with respect to its owners. |
| Hard Rock: | To the best of Hard Rock Aqueduct, LLC's knowledge, there is no pending or threatened litigation, administrative or regulatory proceedings or similar matters that would materially affect Hard Rock Aqueduct, LLC. The owners, officers, directors or partners of Hard Rock Aqueduct, LLC have not been convicted of any felony or any other criminal offense involving gaming violations, fraud, larceny of any sort, theft, misappropriation or conversion of funds or tax evasion.<br><br>Please refer to the Video Lottery Gaming Principal/Key Employee Applications previous filed with the New York Lottery for listings of other crimes, offenses or violations of law, if any, for Hard Rock Aqueduct, LLC's officers and directors. |

# INSERT

# TAB

**Response to Part 4**

# INSERT

# TAB

Business Organization

**Section 4.1 – Business Organization**

A. **Aqueduct Operator LLC**
420 Lexington Avenue
New York, NY 10170

**Aqueduct Real Estate LLC**
420 Lexington Avenue
New York, NY 10170

Vendor under this RFP is Aqueduct Operator LLC and Aqueduct Real Estate LLC, both of which are joint venture entities comprised of the investors mentioned in the Transmittal Letter. Aqueduct Real Estate LLC will enter into the lease with the State for the property/real estate, and will in turn sublease to Aqueduct Operator LLC for the VLT gaming facility. Aqueduct Operator LLC will be the entity that will pay the license payment to the State. Both entities are qualified to do business in the State of New York. Should you have any questions regarding this structure, please feel free to reach out to the contacts listed below.

B. Authorized individuals to enter into and bind the aforementioned organizations to the terms and conditions of the Proposal:

Marc Holliday
420 Lexington Avenue
New York, NY 10170
(212) 216-1684
marc.holliday@slgreen.com

Andrew Levine
420 Lexington Avenue
New York, NY 10170
(212) 216-1615
andrew.levine@slgreen.com

# INSERT

# TAB

Financial Viability

# Intentionally Left Blank

# INSERT

# TAB

*SL Green*

# SL Green Realty Corp.
## First Quarter
## Supplemental Data
## March 31, 2010

SL GREEN
REALTY CORP.

SL Green Realty Corp. is a fully integrated, self-administered and self-managed Real Estate Investment Trust, or REIT, that primarily acquires, owns, manages, leases and repositions office properties in emerging, high-growth submarkets of Manhattan.

- SL Green's common stock is listed on the New York Stock Exchange, and trades under the symbol SLG.
- SL Green maintains an internet site at **www.slgreen.com** at which most key investor relations data pertaining to dividend declaration, payout, current and historic share price, etc. can be found. Such information is not incorporated into this supplemental financial package. This supplemental financial package is available through the Company's internet site.
- This data is furnished to supplement audited and unaudited regulatory filings of the Company and should be read in conjunction with those filings. The financial data herein is unaudited and is provided from the perspective of timeliness to assist readers of quarterly and annual financial filings. As such, data otherwise contained in future regulatory filings covering the same period may restate the data presented herein.

Questions pertaining to the information contained herein should be referred to Investor Relations at investor.relations@slgreen.com or at 212-216-1601.

***Forward-looking Statement***

*This report includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are intended to be covered by the safe harbor provisions thereof. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), development trends of the real estate industry and the Manhattan, Brooklyn, Queens, Westchester County, Connecticut, Long Island and New Jersey office markets, business strategies, expansion and growth of our operations and other similar matters, are forward-looking statements. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate.*

*Forward-looking statements are not guarantees of future performance and actual results or developments may materially differ, and we caution you not to place undue reliance on such statements. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," "project," "continue," or the negative of these words, or other similar words or terms.*

*Forward-looking statements contained in this report are subject to a number of risks and uncertainties which may cause our actual results, performance or achievements to be materially different from future results, performance or* *achievements expressed or implied by forward-looking statements made by us. These risks and uncertainties include the effect of the credit crisis on general economic, business and financial conditions, and on the New York Metro real estate market in particular; dependence upon certain geographic markets; risks of real estate acquisitions, dispositions and developments, including the cost of construction delays and cost overruns; risks relating to structured finance investments; availability and creditworthiness of prospective tenants and borrowers; bankruptcy or insolvency of a major tenant or a significant number of smaller tenants; adverse changes in the real estate markets, including reduced demand for office space, increasing vacancy, and increasing availability of sublease space; availability of capital (debt and equity); unanticipated increases in financing and other costs, including a rise in interest rates; our ability to comply with financial covenants in our debt instruments; our ability to maintain our status as a REIT; risks of investing through joint venture structures, including the fulfillment by our partners of their financial obligations; the continuing threat of terrorist attacks, in particular in the New York Metro area and on our tenants; our ability to obtain adequate insurance coverage at a reasonable cost and the potential for losses in excess of our insurance coverage, including as a result of environmental contamination; and legislative, regulatory and/or safety requirements adversely affecting REITs and the real estate business, including costs of compliance with the Americans with Disabilities Act, the Fair Housing Act and other similar laws and regulations.*

*Other factors and risks to our business, many of which are beyond our control, are described in our filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of future events, new information or otherwise.*

The following discussion related to the consolidated financial statements of the Company should be read in conjunction with the financial statements for the quarter ended March 31, 2010 that will be released on Form 10-Q to be filed on or before May 10, 2010.

# TABLE OF CONTENTS

# CORPORATE PROFILE

SL Green Realty Corp., or the Company, is New York City's largest commercial office landlord and is the only fully integrated, self-managed, self-administered Real Estate Investment Trust, or REIT, primarily focused on owning and operating office buildings in Manhattan.

The Company was formed on August 20, 1997 to continue the commercial real estate business of S.L. Green Properties Inc., a company that was founded in 1980 by Stephen L. Green, our current Chairman. For more than 25 years SL Green has been engaged in the business of owning, managing, leasing, acquiring and repositioning office properties in Manhattan. The Company's investment focus is to create value through strategically acquiring, redeveloping and repositioning office properties primarily located in Manhattan, and re-leasing and managing these properties for maximum cash flow.

In 2007, SL Green acquired Reckson Associates Realty Corp. and added over 9 million square feet to its portfolio. Included in this total is over 3 million square feet of Class A office space located in Westchester, New York and Stamford, Connecticut. These suburban portfolios serve as natural extensions of SL Green’s core ownership in the Grand Central submarket of Midtown Manhattan. The Company has since made selective additions and dispositions to the holdings in these areas.

Looking forward, SL Green will continue its opportunistic investment philosophy through three established business lines: investment in long-term core properties, investment in opportunistic assets, and structured finance investments. This three-legged investment strategy allows SL Green to balance the components of its portfolio to take advantage of each stage in the business cycle.

## FINANCIAL RESULTS

New York, NY, April 26, 2010 - SL Green Realty Corp. (NYSE: SLG) today reported funds from operations, or FFO, of $85.0 million, or $1.07 per share (diluted), for the quarter ended March 31, 2010, compared to $88.1 million, or $1.48 per share (diluted), for the same quarter in 2009.

Net income attributable to common stockholders totaled $15.1 million, or $0.19 per share (diluted) for the quarter ended March 31, 2010, compared to net income of $32.8 million, or $0.57 per share (diluted), for the same quarter in 2009. The first quarter of 2009 included $0.27 per share (diluted) relating to gains on sale.

Funds available for distribution, or FAD, for the first quarter of 2010 was $0.67 per share (diluted) compared to $0.92 per share (diluted) in the prior year, a 27.2% decrease.

The Company's dividend payout ratio for the first quarter of 2010 was 9.4% of FFO and 14.8% of FAD before first cycle leasing costs.

All per share amounts are presented on a diluted basis.

## CONSOLIDATED RESULTS

Total quarterly revenues totaled $258.6 million in the first quarter compared to $262.4 million in the prior year. The $3.8 million decrease in revenue resulted primarily from the following items:

- $3.2 million increase from same-store properties,
- $3.5 million increase in preferred equity and investment income,
- $10.3 million decrease in other income, and
- $0.2 million decrease from properties that were non-same-store properties and other entities.

The Company's earnings before interest, taxes, depreciation and amortization, or EBITDA, totaled $143.5 million compared to $143.4 million in the prior year. The following items drove the $0.1 million increase in EBITDA:

- $3.1 million increase from same-store properties,
- $1.4 million decrease from properties that were non same-store-properties,
- $3.5 million increase in preferred equity and investment income primarily due to the gain on sale of a structured finance investment in 2010. The weighted-average structured finance investment balance for the quarter was $786.1 million compared to $689.0 million in the prior year first quarter. The weighted-average yield for the quarter was 7.4% compared to 8.5% in the prior year,
- $2.3 million increase from increased contributions to equity in net income from unconsolidated joint ventures primarily from Jericho Plaza ($0.6 million), 800 Third Avenue ($0.3 million), 100 Park Avenue ($0.9 million), 29 West 34th Street ($0.9 million), 1221 Avenue of the Americas ($0.7 million) and Gramercy ($3.5 million). This was partially

offset by reductions in contributions to equity in net income primarily from 521 Fifth Avenue ($0.8 million), 1515 Broadway ($0.4 million) and 1604 Broadway ($0.4 million),

- $56.0 million increase from lower loan loss reserves and other write-offs,
- $1.5 million decrease from higher MG&A expense, and
- $61.9 million decrease in non-real estate revenues, net of expenses, inclusive of net gains on early extinguishment of debt ($47.8 million).

## SAME-STORE RESULTS

***Consolidated Properties***

Same-store first quarter 2010 GAAP NOI increased $3.1 million (2.5%) to $130.6 million compared to the prior year. Operating margins before ground rent increased from 60.2% to 60.7%.

The $3.1 million increase in GAAP NOI was primarily due to:

- $3.1 million (1.6%) increase in rental revenue,
- $2.0 million (6.0%) decrease in escalation and reimbursement revenue due to lower operating expenses,
- $2.1 million (457.1%) increase in investment and other income primarily due to higher lease buy-out income,
- $0.6 million (1.1%) decrease in operating expenses, primarily driven by reductions in utilities, which were offset by increases in payroll costs, repairs and maintenance and insurance costs,
- $0.3 million (3.6%) decrease in ground rent expense, and
- $1.0 million (2.6%) increase in real estate taxes.

***Joint Venture Properties***

The Joint Venture same-store properties first quarter 2010 GAAP NOI increased $1.2 million (2.2%) to $54.2 million compared to the prior year. Operating margins before ground rent increased from 68.0% to 68.5%.

The $1.2 million increase in GAAP NOI was primarily due to:

- $1.4 million (2.0%) decrease in rental revenue primarily,
- $0.1 million (1.2%) decrease in escalation and reimbursement revenues,
- $2.9 million (1,017.9%) increase in other income primarily due to higher lease buy-out income,
- $0.1 million (0.5%) decrease in operating expenses primarily driven by reductions in utilities and repairs and maintenance, which was offset by increases in payroll costs, and
- $0.3 million (2.4%) increase in real estate taxes.

## STRUCTURED FINANCE ACTIVITY

The Company's structured finance investments totaled approximately $786.1 million at March 31, 2010 (excluding approximately $1.0 million of structured finance investments which were classified as held for sale at March 31, 2010), an increase of approximately $1.5 million from the balance at

December 31, 2009. The increase resulted from new investments exceeding positions sold, reserved or foreclosed. This included the Company obtaining a senior position in an existing structured finance investment in exchange for a mezzanine loan on which the Company had previously taken a loan loss reserve. The Company recognized a gain of approximately $2.5 million on the exchange. During the first quarter, the Company also recorded approximately $6.0 million in additional reserves against its structured finance investments. The structured finance investments currently have a weighted average maturity of 2.7 years and had a weighted average yield for the quarter ended March 31, 2010 of 8.5%, exclusive of loans totaling $88.4 million which are on non-accrual status.

## QUARTERLY LEASING HIGHLIGHTS

Manhattan vacancy at December 31, 2009 was 1,159,892 useable square feet net of holdover tenants. During the quarter, 566,865 additional useable office, retail and storage square feet became available at an average escalated cash rent of $55.73 per rentable square foot. The Company acquired 614,518 of available usable square feet in connection with the closing of the 100 Church Street transaction. Space available to lease during the quarter totaled 2,341,275 useable square feet, or 9.7% of the total Manhattan portfolio.

During the first quarter, 47 Manhattan office leases, including early renewals, were signed totaling 501,321 rentable square feet. New cash rents averaged $45.00 per rentable square foot. Replacement rents were 5.1% lower than rents on previously occupied space, which had fully escalated cash rents averaging $47.39 per rentable square foot. The average lease term was 9.1 years and average tenant concessions were 5.5 months of free rent with a tenant improvement allowance of $28.31 per rentable square foot.

Suburban vacancy at December 31, 2009 was 804,841 usable square feet net of holdover tenants. During the quarter, 164,443 additional useable office and storage square feet became available at an average escalated cash rent of $28.92 per rentable square foot. Space available to lease during the quarter totaled 969,284 useable square feet, or 14.2% of the total Suburban portfolio.

During the first quarter, 31 Suburban office leases, including early renewals, were signed totaling 214,931 rentable square feet. New cash rents averaged $28.57 per rentable square foot. Replacement rents were 10.9% lower than rents on previously occupied space, which had fully escalated cash rents averaging $32.06 per rentable square foot. The average lease term was 7.0 years and average tenant concessions were 3.4 months of free rent with a tenant improvement allowance of $11.24 per rentable square foot.

The Company also signed a total of 17 retail and storage leases, including early renewals, for 60,141 rentable square feet. The average lease term was 13.7 years and tenant concessions were 12.6 months of free rent with a tenant improvement allowance of $14.67 per rentable square foot.

## REAL ESTATE ACTIVITY

The Company became the sole owner of 100 Church Street, a 1.05 million-square-foot office tower located in downtown Manhattan, following the successful foreclosure of the senior mezzanine loan at the property in January 2010. The Company's initial investment totaled $40.9 million which was comprised of a 50% interest in the senior mezzanine loan and two other mezzanine loans at 100 Church Street, which it acquired from Gramercy Capital Corp. (NYSE: GKK), or Gramercy, in the summer of 2007. As part of a consensual arrangement reached with the then-current owners in August 2009, SL Green, on behalf of the mezzanine lender, obtained management and leasing control of the property. At completion of the foreclosure, the Company funded an additional $15.0 million of capital into the project as part of its agreement with Wachovia Bank, N.A. to extend and restructure the existing financing. The restructured $139.7 million mortgage carries an interest rate of 250 basis points over the 30-day LIBOR. The mortgage matures in January 2013 and has a one-year extension option. Gramercy declined to fund its share of this capital and instead entered into a transaction whereby it transferred its interests in the investment to SL Green at closing, subject to certain future contingent payments.

In April 2010, the Company entered into an agreement to acquire the 303,515 square foot property located at 600 Lexington Avenue in Manhattan for $193.0 million. This transaction, which is subject to customary closing conditions, is expected to close during the second quarter of 2010. In connection with the acquisition, SL Green will assume $49.85 million of in-place financing. The 5.74% interest-only loan matures in March 2014.

## FINANCING/ CAPITAL ACTIVITY

In March 2010, Reckson, the Company and SL Green OP, as co-obligors, completed an offering (the "Offering") of $250.0 million aggregate principal amount of 7.75% senior unsecured notes due March 15, 2020. The Company used the net proceeds from the Offering to fund the tender offer described below, which it announced simultaneously, for certain outstanding notes of Reckson and SL Green OP, with the remaining proceeds being used for general corporate purposes and/or working capital purposes.

Simultaneous with the Offering, the Company commenced a cash tender offer (the "Tender Offer") to purchase up to $250.0 million aggregate principal amount of the 3.000% Exchangeable Senior Notes due 2027, 4.000% Exchangeable Senior Debentures due 2025, 5.150% Senior Unsecured Notes due 2011 and 5.875% Senior Unsecured Notes due 2014.

In April 2010, the Company completed the Tender Offer and purchased $13.0 million of the 3.000% Exchangeable Senior Notes due 2027, $13.2 million of the 4.000% Exchangeable Senior Debentures due 2025, $38.8 million of the 5.150% Senior Unsecured Notes due 2011 and $50.0 million of the 5.875% Senior Unsecured Notes due 2014.

The Company repurchased approximately $21.4 million of its 4.000% Exchangeable Senior Debentures since January 1, 2010, exclusive of the notes repurchased as part of the tender offer.

In February 2010, the Company, along with the City Investment Fund, its joint venture partner, extended the maturity date of the 16 Court Street mortgage and construction loans to October 2013. The loans have a one-year extension option. The floating rate loans will carry an interest rate of 250 basis points over the 30-day LIBOR.

In January 2010, the Company completed an underwritten public offering of 5,400,000 shares of its 7.625% Series C Cumulative Redeemable Preferred Stock. With the completion of this offering, the Company has 11,700,000 shares of 7.625% Series C Cumulative Redeemable Preferred Stock outstanding. The shares of Series C preferred stock have a liquidation preference of $25.00 per share and are redeemable at par, plus accrued and unpaid dividends, at any time at the option of the Company. The shares were priced at $23.53 per share including accrued dividends equating to a yield of 8.101%. The Company used the estimated net offering proceeds of $122.2 million for general corporate and/or working capital purposes, which may include investment opportunities, purchases of the indebtedness of its subsidiaries in the open market from time to time and the repayment of indebtedness at the applicable maturity or put date.

**Dividends**

In March 2010, the Company declared a dividend of $0.10 per share of common stock for the first quarter of 2010. The dividend was payable April 16, 2010 to stockholders of record on the close of business on March 31, 2010. This distribution reflects the regular quarterly dividend, which is the equivalent of an annualized distribution of $0.40 per common share.

In March 2010, the Company also declared a dividend on its Series C preferred stock for the period January 15, 2010 through and including April 14, 2010, of $0.4766 per share, payable April 15, 2010 to stockholders of record on the close of business on March 31, 2010. The dividend reflects the regular quarterly dividend, which is the equivalent of an annualized dividend of $1.9064 per share of Series C preferred stock.

In March 2010, the Company also declared a dividend on its Series D preferred stock for the period January 15, 2010 through and including April 14, 2010, of $0.4922 per share, payable April 15, 2010 to stockholders of record on the close of business on March 31, 2010. The dividend reflects the regular quarterly dividend, which is the equivalent of an annualized dividend of $1.9688 per share of Series D preferred stock.

## SL Green Realty Corp.
## Key Financial Data
## March 31, 2010
**(Dollars in Thousands Except Per Share and Sq. Ft.)**

| | As of or for the three months ended | | | | |
|---|---|---|---|---|---|
| | 3/31/2010 | 12/31/2009 | 9/30/2009 | 6/30/2009 | 3/31/2009 |
| **Earnings Per Share** | | | | | |
| Net income (loss) available to common stockholders - diluted | $ 0.19 | $ (0.07) | $ (0.03) | $ 0.18 | $ 0.57 |
| Funds from operations available to common stockholders - diluted | $ 1.07 | $ 0.87 | $ 0.98 | $ 1.20 | $ 1.48 |
| Funds available for distribution to common stockholders - diluted | $ 0.67 | $ 0.59 | $ 0.76 | $ 0.96 | $ 0.92 |
| **Common Share Price & Dividends** | | | | | |
| At the end of the period | $ 57.27 | $ 50.24 | $ 43.85 | $ 22.94 | $ 10.80 |
| High during period | $ 57.60 | $ 52.74 | $ 46.81 | $ 26.70 | $ 25.83 |
| Low during period | $ 44.18 | $ 37.72 | $ 18.66 | $ 10.68 | $ 8.69 |
| Common dividends per share | $ 0.100 | $ 0.100 | $ 0.100 | $ 0.100 | $ 0.375 |
| FFO payout ratio | 9.39% | 11.49% | 10.16% | 8.35% | 25.34% |
| FAD payout ratio | 14.84% | 16.96% | 13.16% | 10.46% | 40.66% |
| **Common Shares & Units** | | | | | |
| Common shares outstanding | 77,924 | 77,514 | 76,841 | 76,820 | 57,259 |
| Units outstanding | 1,408 | 1,684 | 2,330 | 2,336 | 2,336 |
| Total common shares and units outstanding | 79,332 | 79,198 | 79,171 | 79,156 | 59,595 |
| Weighted average common shares and units outstanding - basic | 79,325 | 79,179 | 79,168 | 69,699 | 59,517 |
| Weighted average common shares and units outstanding - diluted | 79,760 | 79,454 | 79,274 | 69,742 | 59,555 |
| **Market Capitalization** | | | | | |
| Market value of common equity | $ 4,543,344 | $ 3,978,908 | $ 3,471,648 | $ 1,815,839 | $ 643,626 |
| Liquidation value of preferred equity | 392,500 | 257,500 | 257,500 | 257,500 | 257,500 |
| Consolidated debt | 4,776,401 | 4,892,688 | 4,915,667 | 4,962,631 | 5,226,215 |
| Consolidated market capitalization | $ 9,712,245 | $ 9,129,096 | $ 8,644,815 | $ 7,035,970 | $ 6,127,341 |
| SLG portion of JV debt | 1,847,234 | 1,848,721 | 1,909,878 | 1,888,898 | 1,935,460 |
| Combined market capitalization | $ 11,559,479 | $ 10,977,817 | $ 10,554,693 | $ 8,924,868 | $ 8,062,801 |
| Consolidated debt to market capitalization | 49.18% | 53.59% | 56.86% | 70.53% | 85.29% |
| Combined debt to market capitalization | 57.30% | 61.41% | 64.67% | 76.77% | 88.82% |
| Debt to total assets - unsecured credit facility covenant | 46.80% | 48.00% | 47.70% | 42.20% | 46.09% |
| Consolidated debt service coverage | 2.64 | 2.78 | 2.90 | 3.27 | 3.41 |
| Consolidated fixed charge coverage | 2.14 | 2.29 | 2.39 | 2.70 | 2.85 |
| Combined fixed charge coverage | 1.85 | 2.01 | 2.09 | 2.34 | 2.49 |
| **Portfolio Statistics (Manhattan)** | | | | | |
| Consolidated office buildings | 22 | 21 | 21 | 21 | 21 |
| Unconsolidated office buildings | 8 | 8 | 8 | 8 | 8 |
| | 30 | 29 | 29 | 29 | 29 |
| Consolidated office buildings square footage | 14,829,700 | 13,782,200 | 13,782,200 | 13,782,200 | 13,782,200 |
| Unconsolidated office buildings square footage | 9,429,000 | 9,429,000 | 9,429,000 | 9,429,000 | 9,429,000 |
| | 24,258,700 | 23,211,200 | 23,211,200 | 23,211,200 | 23,211,200 |
| Quarter end occupancy - Manhattan portfolio | 94.0% (1) | 95.0% | 95.7% | 96.2% | 96.2% |
| Quarter end occupancy- same store - Manhattan consolidated | 95.9% | 96.0% | 97.0% | 97.0% | 97.1% |
| Quarter end occupancy- same store - combined (consolidated + joint venture) | 94.8% | 95.8% | 96.5% | 96.2% | 96.1% |

(1) Excludes 100 Church Street, which the Company took ownership of by foreclosure in January 2010.

## SL Green Realty Corp.
## Key Financial Data
## March 31, 2010
**(Dollars in Thousands Except Per Share and Sq. Ft.)**

| | As of or for the three months ended | | | | |
|---|---|---|---|---|---|
| | 3/31/2010 | 12/31/2009 | 9/30/2009 | 6/30/2009 | 3/31/2009 |
| **Selected Balance Sheet Data** | | | | | |
| Real estate assets before depreciation | $ 8,387,102 | $ 8,257,100 | $ 8,214,233 | $ 8,226,378 | $ 8,200,404 |
| Investments in unconsolidated joint ventures | $ 1,053,754 | $ 1,058,369 | $ 971,111 | $ 978,340 | $ 976,572 |
| Structured finance investments | $ 786,138 | $ 784,620 | $ 614,466 | $ 534,518 | $ 589,267 |
| Total assets | $ 10,514,240 | $ 10,487,577 | $ 10,533,934 | $ 10,595,050 | $ 10,501,133 |
| Fixed rate & hedged debt | $ 3,535,954 | $ 3,316,081 | $ 3,336,096 | $ 3,337,388 | $ 3,622,356 |
| Variable rate debt | 1,240,447 | 1,576,607 | 1,579,571 | 1,625,243 | 1,603,859 |
| Total consolidated debt | $ 4,776,401 | $ 4,892,688 | $ 4,915,667 | $ 4,962,631 | $ 5,226,215 |
| Total liabilities | $ 5,370,610 | $ 5,489,830 | $ 5,538,371 | $ 5,585,591 | $ 5,912,250 |
| Fixed rate & hedged debt-including SLG portion of JV debt | $ 4,785,853 | $ 4,565,980 | $ 4,585,995 | $ 4,582,716 | $ 4,872,633 |
| Variable rate debt - including SLG portion of JV debt | 1,837,782 | 2,175,429 | 2,239,550 | 2,268,813 | 2,289,042 |
| Total combined debt | $ 6,623,635 | $ 6,741,409 | $ 6,825,545 | $ 6,851,529 | $ 7,161,675 |
| **Selected Operating Data** | | | | | |
| Property operating revenues | $ 230,054 | $ 222,755 | $ 222,349 | $ 223,307 | $ 229,258 |
| Property operating expenses | 104,974 | 96,654 | 97,887 | 96,675 | 99,888 |
| Property operating NOI | $ 125,080 | $ 126,101 | $ 124,462 | $ 126,632 | $ 129,370 |
| NOI from discontinued operations | - | - | 341 | 358 | 940 |
| Total property operating NOI | $ 125,080 | $ 126,101 | $ 124,803 | $ 126,990 | $ 130,310 |
| SLG share of property NOI from JVs | $ 55,021 | $ 56,133 | $ 55,183 | $ 54,808 | $ 53,190 |
| SLG share of FFO from Gramercy Capital | $ - | $ - | $ - | $ - | $ - |
| Structured finance income | $ 20,379 | $ 16,911 | $ 16,266 | $ 15,533 | $ 16,898 |
| Other income | $ 8,200 | $ 6,946 | $ 10,988 | $ 13,165 | $ 16,281 |
| Gain (Loss) on early extinguishment of debt | $ (113) | $ 606 | $ 8,368 | $ 29,321 | $ 47,712 |
| Loan loss and other investment reserves | $ 6,000 | $ 26,832 | $ 16,100 | $ 45,577 | $ 62,000 |
| Marketing general & administrative expenses | $ 19,456 | $ 19,255 | $ 18,869 | $ 17,946 | $ 17,922 |
| Consolidated interest | $ 57,479 | $ 54,195 | $ 65,570 | $ 57,012 | $ 60,594 |
| Combined interest | $ 79,017 | $ 74,735 | $ 85,532 | $ 76,716 | $ 80,134 |
| Preferred dividend | $ 7,116 | $ 4,969 | $ 4,969 | $ 4,969 | $ 4,969 |
| **Office Leasing Statistics (Manhattan)** | | | | | |
| Total office leases signed | 47 | 24 | 28 | 29 | 32 |
| Total office square footage leased | 501,321 | 423,850 | 251,888 | 328,780 | 296,840 |
| Average rent psf - new leases | $45.00 | $33.05 | $47.31 | $51.10 | $52.71 |
| Previously escalated rents psf | $47.39 | $32.28 | $44.98 | $40.15 | $42.53 |
| Percentage of new rent over previously escalated rents | -5.1% | 2.4% | 5.2% | 27.3% | 23.9% |
| Tenant concession packages psf | $28.31 | $14.36 | $56.19 | $53.68 | $18.60 |
| Free rent months | 5.5 | 1.7 | 6.9 | 4.0 | 2.9 |

SL Green Realty Corp.
Key Financial Data
March 31, 2010
(Dollars in Thousands Except Per Share and Sq. Ft.)

## Suburban Properties

| | As of or for the three months ended | | | | |
|---|---|---|---|---|---|
| | 3/31/2010 | 12/31/2009 | 9/30/2009 | 6/30/2009 | 3/31/2009 |
| **Selected Operating Data (Suburban)** | | | | | |
| Property operating revenues | $ 27,453 | $ 29,358 | $ 28,482 | $ 28,018 | $ 28,521 |
| Property operating expenses | 13,083 | 13,393 | 12,865 | 12,598 | 13,738 |
| Property operating NOI | $ 14,370 | $ 15,965 | $ 15,617 | $ 15,420 | $ 14,783 |
| NOI from discontinued operations | - | - | 341 | 358 | 956 |
| Total property operating NOI | $ 14,370 | $ 15,965 | $ 15,958 | $ 15,778 | $ 15,739 |
| SLG share of property NOI from JV | $ 5,096 | $ 4,585 | $ 4,291 | $ 4,251 | $ 4,164 |
| Other income | $ 2,507 | $ 354 | $ 342 | $ 657 | $ 342 |
| Consolidated interest | $ 1,126 | $ 1,181 | $ 1,371 | $ 1,504 | $ 1,921 |
| Combined interest | $ 3,200 | $ 3,167 | $ 3,383 | $ 3,480 | $ 3,933 |
| **Portfolio Statistics (Suburban)** | | | | | |
| Consolidated office buildings | 25 | 25 | 25 | 26 | 26 |
| Unconsolidated office buildings | 6 | 6 | 6 | 6 | 6 |
| | 31 | 31 | 31 | 32 | 32 |
| Consolidated office buildings square footage | 3,863,000 | 3,863,000 | 3,863,000 | 4,008,000 | 4,008,000 |
| Unconsolidated office buildings square footage | 2,941,700 | 2,941,700 | 2,941,700 | 2,941,700 | 2,941,700 |
| | 6,804,700 | 6,804,700 | 6,804,700 | 6,949,700 | 6,949,700 |
| Quarter end occupancy - suburban portfolio | 88.1% | 88.7% | 90.4% | 90.3% | 90.4% |
| **Office Leasing Statistics (Suburban)** | | | | | |
| Total office leases signed | 31 | 29 | 24 | 22 | 29 |
| Total office square footage leased | 214,931 | 345,992 | 155,960 | 160,975 | 123,110 |
| Average rent psf - new leases | $28.57 | $28.89 | $29.46 | $31.59 | $30.89 |
| Previously escalated rents psf | $32.06 | $29.72 | $31.23 | $31.34 | $31.36 |
| Percentage of new rent over previously escalated rents | -10.9% | -2.8% | -5.7% | 0.8% | -1.5% |
| Tenant concession packages psf | $11.24 | $14.44 | $18.40 | $8.15 | $19.82 |
| Free rent months | 3.4 | 7.8 | 3.9 | 3.1 | 2.3 |

# COMPARATIVE BALANCE SHEETS

**Unaudited**
**($000's omitted)**

| Assets | 3/31/2010 | 12/31/2009 | 9/30/2009 | 6/30/2009 | 3/31/2009 |
|---|---|---|---|---|---|
| Commercial real estate properties, at cost: | | | | | |
| Land & land interests | $ 1,411,560 | $ 1,379,052 | $ 1,378,843 | $ 1,385,182 | $ 1,385,101 |
| Buildings & improvements fee interest | 5,682,183 | 5,585,584 | 5,552,888 | 5,560,966 | 5,547,522 |
| Buildings & improvements leasehold | 1,281,151 | 1,280,256 | 1,270,294 | 1,268,022 | 1,255,573 |
| Buildings & improvements under capital lease | 12,208 | 12,208 | 12,208 | 12,208 | 12,208 |
| | $ 8,387,102 | $ 8,257,100 | $ 8,214,233 | $ 8,226,378 | $ 8,200,404 |
| Less accumulated depreciation | (790,171) | (738,422) | (685,062) | (635,415) | (586,029) |
| | $ 7,596,931 | $ 7,518,678 | $ 7,529,171 | $ 7,590,963 | $ 7,614,375 |
| Other real estate investments: | | | | | |
| Investment in and advances to unconsolidated joint ventures | 1,053,754 | 1,058,369 | 971,111 | 978,340 | 976,572 |
| Structured finance investments, net | 786,138 | 784,620 | 614,466 | 534,518 | 589,267 |
| Assets held for sale, net | 992 | 992 | 992 | 76,657 | 106,543 |
| Cash and cash equivalents | 167,654 | 343,715 | 634,072 | 676,768 | 433,654 |
| Restricted cash | 170,318 | 94,495 | 91,355 | 87,154 | 97,401 |
| Investment in marketable securities | 78,048 | 58,785 | 53,053 | 13,561 | 12,072 |
| Tenant and other receivables, net of $17,549 reserve at 3/31/10 | 22,980 | 22,483 | 27,884 | 31,666 | 33,459 |
| Related party receivables | 3,218 | 8,570 | 8,585 | 9,519 | 14,119 |
| Deferred rents receivable, net of reserve for tenant credit loss of $25,481 at 3/31/10 | 176,601 | 166,981 | 160,819 | 156,685 | 152,126 |
| Deferred costs, net | 151,856 | 139,257 | 138,980 | 135,520 | 134,297 |
| Other assets | 305,750 | 290,632 | 303,446 | 303,699 | 337,248 |
| **Total Assets** | **$ 10,514,240** | **$ 10,487,577** | **$ 10,533,934** | **$ 10,595,050** | **$ 10,501,133** |

# COMPARATIVE BALANCE SHEETS

**Unaudited**
**($000's omitted)**

| | 3/31/2010 | 12/31/2009 | 9/30/2009 | 6/30/2009 | 3/31/2009 |
|---|---|---|---|---|---|
| **Liabilities and Equity** | | | | | |
| Mortgage notes payable | $ 2,723,146 | $ 2,595,552 | $ 2,599,416 | $ 2,570,085 | $ 2,585,592 |
| Unsecured notes | 1,053,255 | 823,060 | 842,175 | 873,046 | 1,151,556 |
| Revolving credit facility | 900,000 | 1,374,076 | 1,374,076 | 1,419,500 | 1,389,067 |
| Accrued interest and other liabilities | 23,002 | 34,734 | 44,737 | 38,177 | 54,478 |
| Accounts payable and accrued expenses | 137,278 | 125,982 | 121,875 | 125,267 | 133,937 |
| Deferred revenue | 344,772 | 349,669 | 368,753 | 376,143 | 401,848 |
| Capitalized lease obligations | 16,930 | 16,883 | 16,837 | 16,791 | 16,747 |
| Deferred land lease payable | 18,076 | 18,013 | 17,922 | 17,831 | 17,740 |
| Dividends and distributions payable | 14,248 | 12,006 | 12,006 | 12,014 | 26,420 |
| Security deposits | 39,903 | 39,855 | 40,574 | 36,737 | 34,865 |
| Liabilities related to assets held for sale | - | - | - | - | - |
| Junior subordinated deferrable interest debentures | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total liabilities | $ 5,370,610 | $ 5,489,830 | $ 5,538,371 | $ 5,585,591 | $ 5,912,250 |
| Noncontrolling interest in operating partnership (1,408 units outstanding) at 3/31/10 | 80,642 | 84,618 | 102,174 | 89,035 | 89,600 |
| **Equity** | | | | | |
| SL Green Realty Corp. Stockholders' Equity: | | | | | |
| 7.625% Series C Perpetual Preferred Shares | 274,149 | 151,981 | 151,981 | 151,981 | 151,981 |
| 7.875% Series D Perpetual Preferred Shares | 96,321 | 96,321 | 96,321 | 96,321 | 96,321 |
| Common stock, $.01 par value, 160,000 shares authorized, | | | | | |
| 81,285 issued and outstanding at 3/31/10 | 813 | 809 | 802 | 802 | 606 |
| Additional paid–in capital | 3,542,197 | 3,525,901 | 3,489,037 | 3,481,518 | 3,087,123 |
| Treasury stock (3,360 shares) at 3/31/10 | (302,705) | (302,705) | (302,705) | (302,705) | (302,705) |
| Accumulated other comprehensive loss | (21,902) | (33,538) | (42,497) | (32,285) | (53,089) |
| Retained earnings | 949,083 | 949,669 | 973,554 | 996,051 | 989,476 |
| Total SL Green Realty Corp. stockholders' equity | 4,537,956 | 4,388,438 | 4,366,493 | 4,391,683 | 3,969,713 |
| Noncontrolling interest in other partnerships | 525,032 | 524,691 | 526,896 | 528,741 | 529,570 |
| Total equity | $ 5,062,988 | $ 4,913,129 | $ 4,893,389 | $ 4,920,424 | $ 4,499,283 |
| **Total liabilities and equity** | **$ 10,514,240** | **$ 10,487,577** | **$ 10,533,934** | **$ 10,595,050** | **$ 10,501,133** |

# COMPARATIVE STATEMENTS OF OPERATIONS

SL GREEN REALTY CORP.

**Unaudited**
**($000's omitted)**

| | Three Months Ended March 31, 2010 | Three Months Ended March 31, 2009 | Three Months Ended December 31, 2009 | Three Months Ended September 30, 2009 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Rental revenue, net | $ 198,586 | $ 195,629 | 193,235 | $ 192,433 |
| Escalation and reimbursement revenues | 31,468 | 33,629 | 29,520 | 29,916 |
| Investment income | 20,379 | 16,898 | 16,911 | 16,266 |
| Other income | 8,200 | 16,281 | 6,946 | 10,988 |
| **Total Revenues, net** | **258,633** | **262,437** | **246,612** | **249,603** |
| Equity in net income from unconsolidated joint ventures | 15,376 | 13,073 | 16,392 | 16,585 |
| Gain (loss) on early extinguishment of debt | (113) | 47,712 | 606 | 8,368 |
| Operating expenses | 58,766 | 55,092 | 55,136 | 55,217 |
| Ground rent | 7,821 | 8,046 | 7,822 | 7,912 |
| Real estate taxes | 38,387 | 36,750 | 33,696 | 34,758 |
| Loan loss and other investment reserves | 6,000 | 62,000 | 26,832 | 16,100 |
| Marketing, general and administrative | 19,456 | 17,922 | 19,255 | 18,869 |
| **Total Operating Expenses** | **130,430** | **179,810** | **142,741** | **132,856** |
| **EBITDA** | **143,466** | **143,412** | **120,869** | **141,700** |
| Interest expense, net of interest income | 57,479 | 59,997 | 54,195 | 65,366 |
| Amortization of deferred financing costs | 2,516 | 1,436 | 1,966 | 3,069 |
| Depreciation and amortization | 57,052 | 54,465 | 60,238 | 56,955 |
| Loss (gain) on equity investment in marketable securities | 285 | 807 | (232) | (52) |
| **Income (Loss) from Continuing Operations** | **26,134** | **26,707** | **4,702** | **16,362** |
| Income (loss) from discontinued operations | - | (286) | - | 60 |
| Gain (loss) on sale of discontinued operations | - | 6,572 | (1,741) | (11,672) |
| Equity in net gain (loss) on sale of joint venture property / real estate | - | 9,541 | - | (157) |
| **Net Income** | **26,134** | **42,534** | **2,961** | **4,593** |
| Net income attributable to noncontrolling interests | (3,939) | (4,797) | (3,115) | (2,144) |
| **Net Income (Loss) Attributable to SL Green Realty Corp** | 22,195 | 37,737 | (154) | 2,449 |
| Dividends on perpetual preferred shares | 7,116 | 4,969 | 4,969 | 4,969 |
| **Net Income (Loss) Attributable to Common Stockholders** | **$ 15,079** | **$ 32,768** | **$ (5,123)** | **$ (2,520)** |
| **Earnings per Share** | | | | |
| Net income (loss) per share (basic) | $ 0.19 | $ 0.57 | $ (0.07) | $ (0.03) |
| Net income (loss) per share (diluted) | $ 0.19 | $ 0.57 | $ (0.07) | $ (0.03) |

# COMPARATIVE COMPUTATION OF FFO AND FAD

**Unaudited**

**($000's omitted - except per share data)**

SL GREEN REALTY CORP.

| | | Three Months Ended | | Three Months Ended | Three Months Ended |
|---|---|---|---|---|---|
| | | March 31, 2010 | March 31, 2009 | December 31, 2009 | September 30, 2009 |
| **Funds from operations** | | | | | |
| Net Income (Loss) Attributable to Common Stockholders | | $ 15,079 | $ 32,768 | $ (5,123) | $ (2,520) |
| Add: | Depreciation and amortization | 57,052 | 54,465 | 60,238 | 56,955 |
| | Discontinued operations depreciation adjustments | - | 333 | - | 77 |
| | Joint ventures depreciation and noncontrolling interests adjustments | 8,770 | 11,265 | 9,577 | 9,800 |
| | Net income attributable to noncontrolling interests | 3,939 | 4,797 | 3,115 | 2,144 |
| | Loss (gain) on equity investment in marketable securities | 285 | 807 | (232) | (52) |
| Less: | Gain (loss) on sale of discontinued operations | - | 6,572 | (1,741) | (11,672) |
| | Equity in net gain (loss) on sale of joint venture property / real estate | - | 9,541 | - | (157) |
| | Non-real estate depreciation and amortization | 172 | 204 | 187 | 176 |
| | **Funds From Operations** | **$ 84,953** | **$ 88,118** | **$ 69,129** | **$ 78,057** |
| | **Funds From Operations - Basic per Share** | **1.07** | **$ 1.48** | **$ 0.87** | **$ 0.99** |
| | **Funds From Operations - Diluted per Share** | **1.07** | **$ 1.48** | **$ 0.87** | **$ 0.98** |
| **Funds Available for Distribution** | | | | | |
| FFO | | $ 84,953 | $ 88,118 | $ 69,129 | $ 78,057 |
| Add: | Non real estate depreciation and amortization | 172 | 204 | 187 | 176 |
| | Amortization of deferred financing costs | 2,516 | 1,436 | 1,966 | 3,069 |
| | Non-cash deferred compensation | 3,028 | 7,593 | 8,001 | 7,239 |
| Less: | FAD adjustment for Joint Ventures | 10,881 | 26,204 | 6,351 | 8,986 |
| | FAD adjustment for discontinued operations | - | 52 | - | 9 |
| | Straight-line rental income and other non cash adjustments | 17,267 | 12,202 | 14,447 | 10,573 |
| | Second cycle tenant improvements | 2,811 | 937 | 5,683 | 2,502 |
| | Second cycle leasing commissions | 4,343 | 2,422 | 2,304 | 2,840 |
| | Revenue enhancing recurring CAPEX | 34 | 185 | 234 | 192 |
| | Non-revenue enhancing recurring CAPEX | 1,569 | 424 | 3,428 | 3,223 |
| **Funds Available for Distribution** | | **$ 53,764** | **$ 54,925** | **$ 46,836** | **$ 60,216** |
| | **Diluted per Share** | **$ 0.67** | **$ 0.92** | **$ 0.59** | **$ 0.76** |
| First Cycle Leasing Costs | | | | | |
| | Tenant improvements | 617 | 5,394 | 19,169 | 9,288 |
| | Leasing commissions | 1,186 | 322 | 1,162 | 832 |
| **Funds Available for Distribution after First Cycle Leasing Costs** | | **$ 51,961** | **$ 49,209** | **$ 26,505** | **$ 50,096** |
| Funds Available for Distribution per Diluted Weighted Average Unit and Common Share | | $ 0.65 | $ 0.83 | $ 0.33 | $ 0.63 |
| Redevelopment Costs | | 2,925 | $ 8,583 | $ 7,294 | 5,620 |
| **Payout Ratio of Funds From Operations** | | **9.39%** | **25.34%** | **11.49%** | **10.16%** |
| **Payout Ratio of Funds Available for Distribution Before First Cycle Leasing Costs** | | **14.84%** | **40.66%** | **16.96%** | **13.16%** |

# CONDENSED CONSOLIDATED STATEMENT OF EQUITY

**Unaudited**

**($000's omitted)**

| | Series C Preferred Stock | Series D Preferred Stock | Common Stock | Additional Paid-In Capital | Treasury Stock | Retained Earnings | Noncontrolling Interests | Accumulated Other Comprehensive Income | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2009** | **$ 151,981** | **$ 96,321** | **$ 809** | **$ 3,525,901** | **$ (302,705)** | **$ 949,669** | **$ 524,691** | **$ (33,538)** | **$ 4,913,129** |
| Net Income attributable to SL Green | | | | | | 22,195 | 3,648 | | 25,843 |
| Preferred Dividend | | | | | | (7,116) | | | (7,116) |
| Cash distributions declared ($0.10 per common share) | | | | | | (8,132) | | | (8,132) |
| Cash distributions to noncontrolling interests | | | | | | | (3,307) | | (3,307) |
| Comprehensive Income - Unrealized loss on derivative instruments | | | | | | | | (4,629) | (4,629) |
| Comprehensive Income - SLG share unrealized loss on derivative instruments of JVs | | | | | | | | (1,397) | (1,397) |
| Comprehensive Income - Unrealized loss on investments | | | | | | | | 17,662 | 17,662 |
| Net proceeds from preferred stock offering | 122,168 | | | | | | | | 122,168 |
| Net proceeds from exercise of stock options | | | - | 919 | | | | | 919 |
| Redemption of units and dividend reinvestment proceeds | | | 3 | 12,033 | | | | | 12,036 |
| Reallocation of noncontrolling interests in the operating partnership | | | | | | (7,533) | | | (7,533) |
| Deferred compensation plan | | | 1 | 316 | | | | | 317 |
| Amortization of deferred compensation | | | | 3,028 | | | | | 3,028 |
| **Balance at March 31, 2010** | **$ 274,149** | **$ 96,321** | **$ 813** | **$ 3,542,197** | **$ (302,705)** | **$ 949,083** | **$ 525,032** | **$ (21,902)** | **$ 5,062,988** |

# RECONCILIATION OF SHARES AND UNITS OUTSTANDING, AND DILUTION COMPUTATION

| | Common Stock | OP Units | Stock-Based Compensation | Sub-total | Preferred Stock | Diluted Shares |
|---|---|---|---|---|---|---|
| **Share Count at December 31, 2009** | **77,514,292** | **1,684,283** | | **79,198,575** | **-** | **79,198,575** |
| YTD share activity | 409,944 | (276,179) | | 133,765 | | 133,765 |
| **Share Count at March 31, 2010 - Basic** | **77,924,236** | **1,408,104** | **-** | **79,332,340** | **-** | **79,332,340** |
| Weighting Factor | (100,953) | 93,956 | 435,056 | 428,059 | | 428,059 |
| **Weighted Average Share Count at March 31, 2010 - Diluted** | **77,823,283** | **1,502,060** | **435,056** | **79,760,399** | **-** | **79,760,399** |

# TAXABLE INCOME

SL GREEN REALTY CORP.

**Unaudited**

**($000's omitted)**

| | Three Months Ended | |
|---|---|---|
| | March 31, 2010 | March 31, 2009 |
| Net Income Attributable to Common Stockholders | $ 15,079 | $ 32,768 |
| Book/Tax Depreciation Adjustment | (6,111) | 19,050 |
| Book/Tax Gain Recognition Adjustment | - | (11,594) |
| Book/Tax JV Net Equity Adjustment | (569) | (6,205) |
| Other Operating Adjustments | (602) | 16,411 |
| C-corp Earnings | 19 | (7,530) |
| **Taxable Income (Projected)** | **$ 7,816** | **$ 42,900** |
| Deemed dividend per share | $ 0.10 | $ 0.75 |
| Estimated payout of taxable income | 100% | 100% |
| Shares outstanding - basic | 77,924 | 57,259 |

**Payout of Taxable Income Analysis:**
Estimated taxable income is derived from net income less straightline rent, free rent net of amortization, plus tax gain on sale of properties, credit loss, straightline ground rent and the difference between tax and GAAP depreciation. The Company has deferred the taxable gain on the sales of 286, 290 & 292 Madison Avenue, 1140 Avenue of the Americas, One Park Avenue, 70 West 36th Street, 110 East 42nd Street, 125 Broad Street and 440 Ninth Avenue through 1031 exchanges. In addition, the Company has deferred substantially all of the taxable gain resulting from the sale of interests in 1372 Broadway and 470 Park Avenue South.

# JOINT VENTURE STATEMENTS

**Balance Sheet for Unconsolidated Property Joint Ventures**
**Unaudited**
**($000's omitted)**

| | March 31, 2010 | | | | March 31, 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total Property | | SLG Property Interest | | Total Property | | SLG Property Interest |
| Land & land interests | $ | 1,528,659 | $ | 732,605 | $ | 1,526,377 | $ | 727,289 |
| Buildings & improvements fee interest | | 4,815,599 | | 2,038,126 | | 4,863,974 | | 2,040,769 |
| Buildings & improvements leasehold | | 264,670 | | 131,094 | | 262,036 | | 129,774 |
| | | 6,608,928 | | 2,901,825 | | 6,652,387 | | 2,897,832 |
| Less accumulated depreciation | | (533,445) | | (236,203) | | (407,482) | | (182,353) |
| Net real estate | $ | 6,075,483 | $ | 2,665,622 | $ | 6,244,905 | $ | 2,715,479 |
| Cash and cash equivalents | | 116,887 | | 51,790 | | 91,837 | | 37,923 |
| Restricted cash | | 39,064 | | 15,399 | | 38,021 | | 19,628 |
| Tenant receivables, net of $3,596 reserve at 3/31/10 | | 14,817 | | 5,642 | | 10,239 | | 3,969 |
| Deferred rents receivable, net of reserve for tenant credit loss of $3,617 at 3/31/10 | | 198,058 | | 98,558 | | 153,210 | | 76,054 |
| Deferred costs, net | | 133,803 | | 57,548 | | 125,334 | | 50,649 |
| Other assets | | 163,509 | | 60,984 | | 136,797 | | 48,741 |
| **Total assets** | **$** | **6,741,621** | **$** | **2,955,543** | **$** | **6,800,343** | **$** | **2,952,443** |
| Mortgage loans payable | $ | 4,173,320 | $ | 1,847,234 | $ | 4,365,395 | $ | 1,935,460 |
| Derivative instruments-fair value | | 37,183 | | 18,814 | | 46,017 | | 23,264 |
| Accrued interest payable | | 11,753 | | 5,114 | | 11,018 | | 4,879 |
| Accounts payable and accrued expenses | | 79,951 | | 33,684 | | 80,789 | | 34,783 |
| Deferred revenue | | 131,932 | | 45,613 | | 151,741 | | 52,167 |
| Security deposits | | 7,097 | | 3,461 | | 8,233 | | 3,789 |
| Contributed Capital (1) | | 2,300,385 | | 1,001,623 | | 2,137,150 | | 898,101 |
| **Total liabilities and equity** | **$** | **6,741,621** | **$** | **2,955,543** | **$** | **6,800,343** | **$** | **2,952,443** |

As of March 31, 2010 the Company had nineteen unconsolidated joint venture interests including a 50% interest in 100 Park Avenue, a 68.5% economic interest in 1515 Broadway (increased from 55% in December 2005), a 45% interest in 1221 Avenue of the Americas, a 45% interest in 379 West Broadway, a 50% interest in 21-25 West 34th Street, a 42.95% interest in 800 Third Avenue, a 50% interest in 521 Fifth Avenue, a 30% interest in One Court Square, a 63% economic interest in 1604-1610 Broadway, a 20.26% interest in 1&2 Jericho Plaza, a 55% interest in 2 Herald Square, a 32.25% interest in 1745 Broadway, a 55% interest in 885 Third Avenue, a 35% interest in 16 Court Street, a 50% interest in The Meadows (increased from 25% in October 2009), a 50.6% interest in 388/390 Greenwich Street, a 50% interest in 27-29 West 34th Street, a 10% interest in 1551/1555 Broadway (decreased from 50% in August 2008) and a 32.75% interest in 717 Fifth Avenue. These interests are accounted for on the equity method of accounting and, therefore, are not consolidated into the Company's financial statements.

As we have been designated as the primary beneficiary under FIN 46(R), we have consolidated the accounts of the following five joint ventures: a 50% interest in 141 Fifth Avenue, a 50% interest in 180-182 Broadway and a 51% interest in each of 919 Third Avenue, 680 Washington Avenue and 750 Washington Avenue.

(1) Contributed capital includes adjustments to capital to reflect our share of capital based on implied sales prices of partially sold or contributed properties. Our investment in an unconsolidated joint venture reflects our actual contributed capital base.

## JOINT VENTURE STATEMENTS

**Statements of Operations for Unconsolidated Property Joint Ventures**
**Unaudited**
**($000's omitted)**

| | Three Months Ended March 31, 2010 | | Three Months Ended December 31, 2009 | Three Months Ended March 31, 2009 | |
|---|---|---|---|---|---|
| | Total Property | SLG Property Interest | SLG Property Interest | Total Property | SLG Property Interest |
| **Revenues** | | | | | |
| Rental revenue, net | $ 146,490 | $ 66,740 | $ 66,681 | $ 151,087 | $ 67,437 |
| Escalation and reimbursement revenues | 19,910 | 9,810 | 9,537 | 20,838 | 9,849 |
| Other income | 7,740 | 3,662 | 2,684 | 944 | 509 |
| **Total Revenues, net** | **$ 174,140** | **$ 80,212** | **$ 78,902** | **$ 172,869** | **$ 77,795** |
| **Expenses** | | | | | |
| Operating expenses | $ 29,142 | $ 14,261 | $ 13,054 | $ 31,804 | $ 14,048 |
| Ground rent | 1,025 | 171 | 171 | 1,025 | 171 |
| Real estate taxes | 22,306 | 10,759 | 9,544 | 21,992 | 10,386 |
| **Total Operating Expenses** | **$ 52,473** | **$ 25,191** | **$ 22,769** | **$ 54,821** | **$ 24,605** |
| **GAAP NOI** | **$ 121,667** | **$ 55,021** | **$ 56,133** | **$ 118,048** | **$ 53,190** |
| **Cash NOI** | **$ 109,650** | **$ 49,646** | **$ 50,551** | **$ 91,787** | **$ 38,164** |
| Interest expense, net of interest income | $ 49,690 | $ 21,538 | $ 20,540 | 46,763 | 19,540 |
| Amortization of deferred financing costs | 4,267 | 1,757 | 2,258 | 4,605 | 1,387 |
| Depreciation and amortization | 37,747 | 16,350 | 16,936 | 39,828 | 16,238 |
| **Net Income** | **$ 29,963** | **$ 15,376** | **$ 16,399** | **$ 26,852** | **$ 16,025** |
| Plus: Real estate depreciation | 37,715 | 16,343 | 16,930 | 39,796 | 16,231 |
| **Funds From Operations** | **$ 67,678** | **$ 31,719** | **$ 33,329** | **$ 66,648** | **$ 32,256** |
| **FAD Adjustments:** | | | | | |
| Plus: Non real estate depreciation and amortization | $ 4,299 | $ 1,764 | $ 2,264 | $ 4,637 | $ 1,394 |
| Less: Straight-line rental income and other non-cash adjustments | (11,633) | (5,259) | (5,274) | (25,897) | (14,918) |
| Less: Second cycle tenant improvement | (5,386) | (3,013) | (2,061) | (16,394) | (6,785) |
| Less: Second cycle leasing commissions | (6,602) | (3,921) | (135) | (9,029) | (5,391) |
| Less: Recurring CAPEX | (1,052) | (452) | (1,145) | (1,137) | (504) |
| FAD Adjustment | $ (20,374) | $ (10,881) | $ (6,351) | $ (47,820) | $ (26,204) |

# SELECTED FINANCIAL DATA
**Capitalization Analysis**
**Unaudited**
**($000's omitted)**

| | 3/31/2010 | 12/31/2009 | 9/30/2009 | 6/30/2009 | 3/31/2009 |
|---|---|---|---|---|---|
| **Market Capitalization** | | | | | |
| Common Equity: | | | | | |
| Common Shares Outstanding | 77,924 | 77,514 | 76,841 | 76,820 | 57,259 |
| OP Units Outstanding | 1,408 | 1,684 | 2,330 | 2,336 | 2,336 |
| **Total Common Equity (Shares and Units)** | **79,332** | **79,198** | **79,171** | **79,156** | **59,595** |
| Common Share Price (End of Period) | $ 57.27 | $ 50.24 | $ 43.85 | $ 22.94 | $ 10.80 |
| Equity Market Value | **$ 4,543,344** | **$ 3,978,908** | **$ 3,471,648** | **$ 1,815,839** | **$ 643,626** |
| Preferred Equity at Liquidation Value: | **392,500** | **257,500** | **257,500** | **257,500** | **257,500** |
| **Real Estate Debt** | | | | | |
| Property Level Mortgage Debt | $ 2,723,146 | $ 2,595,552 | $ 2,599,416 | $ 2,570,085 | $ 2,585,592 |
| Outstanding Balance on Unsecured Credit Line | 900,000 | 1,374,076 | 1,374,076 | 1,419,500 | 1,389,067 |
| Junior Subordinated Deferrable Interest Debentures | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Unsecured Notes | 798,344 | 548,334 | 548,326 | 548,317 | 563,456 |
| Convertible Bonds | 254,911 | 274,726 | 293,849 | 324,729 | 588,100 |
| Liability Held for Sale | - | - | - | - | - |
| Total Consolidated Debt | 4,776,401 | 4,892,688 | 4,915,667 | 4,962,631 | 5,226,215 |
| Company's Portion of Joint Venture Debt | 1,847,234 | 1,848,721 | 1,909,878 | 1,888,898 | 1,935,460 |
| **Total Combined Debt** | **6,623,635** | **6,741,409** | **6,825,545** | **6,851,529** | **7,161,675** |
| **Total Market Cap (Debt & Equity)** | **$ 11,559,479** | **$ 10,977,817** | **$ 10,554,693** | **$ 8,924,868** | **$ 8,062,801** |
| **Availability under Lines of Credit** | | | | | |
| Senior Unsecured Line of Credit | $ 525,826 (A) | $ 50,801 (A) | $ 49,810 | $ 58,903 | $ 56,490 |

(A) As reduced by $26,174 outstanding letters of credit.

| | 3/31/2010 | 12/31/2009 | 9/30/2009 | 6/30/2009 | 3/31/2009 |
|---|---|---|---|---|---|
| **Combined Capitalized Interest** | **$ -** | **$ -** | **$ 19** | **$ 127** | **$ 136** |
| **Ratio Analysis** | | | | | |
| **Consolidated Basis** | | | | | |
| Debt to Market Cap Ratio | 49.18% | 53.59% | 56.86% | 70.53% | 85.29% |
| Debt to Gross Real Estate Book Ratio | 57.03% | 59.34% | 59.93% | 60.42% | 63.83% |
| Secured Real Estate Debt to Secured Assets Gross Book | 59.28% | 58.06% | 58.34% | 57.32% | 57.85% |
| Unsecured Debt to Unencumbered Assets-Gross Book Value | 55.17% | 61.82% | 62.80% | 65.14% | 72.10% |
| **Joint Ventures Allocated** | | | | | |
| Combined Debt to Market Cap Ratio | 57.30% | 61.41% | 64.67% | 76.77% | 88.82% |
| Debt to Gross Real Estate Book Ratio | 58.74% | 60.51% | 61.72% | 61.95% | 64.60% |
| Secured Real Estate Debt to Secured Assets Gross Book | 60.98% | 60.33% | 61.66% | 60.84% | 61.37% |

# SELECTED FINANCIAL DATA

**Property NOI and Coverage Ratios**
**Unaudited**
**($000's omitted)**

SL GREEN REALTY CORP.

## Property NOI

| | Three Months Ended March 31, 2010 | Three Months Ended March 31, 2009 | Three Months Ended December 31, 2009 | Three Months Ended September 30, 2009 |
|---|---|---|---|---|
| Property operating NOI | $ 125,080 | $ 129,370 | $ 126,101 | $ 124,462 |
| NOI from discontinued operations | - | 940 | - | 341 |
| Total property operating NOI - consolidated | 125,080 | 130,310 | 126,101 | 124,803 |
| SLG share of property NOI from JVs | 55,021 | 53,190 | 56,133 | 55,183 |
| **GAAP NOI** | **$ 180,101** | **$ 183,500** | **$ 182,234** | **$ 179,986** |
| Less: Free rent (Net of Amortization) | 3,314 | 8,922 | 1,091 | 514 |
| Net FAS 141 adjustment | 6,469 | 6,083 | 7,890 | 7,523 |
| Straightline revenue adjustment | 13,047 | 12,735 | 11,227 | 11,568 |
| Plus: Allowance for S/L tenant credit loss | 1,424 | 2,112 | 1,139 | 1,872 |
| Ground lease straight-line adjustment | 64 | 91 | 91 | 91 |
| **Cash NOI** | **$ 158,759** | **$ 157,963** | **$ 163,256** | **$ 162,344** |

## Components of Debt Service and Fixed Charges

| | March 31, 2010 | March 31, 2009 | December 31, 2009 | September 30, 2009 |
|---|---|---|---|---|
| Interest expense | 57,479 | 60,594 | 54,195 | 65,570 |
| Fixed amortization principal payments | 7,139 | 7,145 | 7,151 | 6,682 |
| **Total Consolidated Debt Service** | **64,618** | **67,739** | **61,346** | **72,252** |
| Payments under ground lease arrangements | 7,885 | 8,137 | 7,913 | 8,003 |
| Dividend on perpetual preferred shares | 7,116 | 4,969 | 4,969 | 4,969 |
| **Total Consolidated Fixed Charges** | **79,619** | **80,845** | **74,228** | **85,224** |

| | March 31, 2010 | March 31, 2009 | December 31, 2009 | September 30, 2009 |
|---|---|---|---|---|
| **Adjusted EBITDA - Consolidated** | **167,606** | **229,964** | **167,122** | **175,402** |
| **Adjusted EBITDA - Combined** | **189,144** | **249,504** | **187,662** | **195,364** |
| **Interest Coverage Ratio** | **2.97** | **3.81** | **3.16** | **3.27** |
| **Debt Service Coverage Ratio** | **2.64** | **3.41** | **2.78** | **2.90** |
| **Fixed Charge Coverage Ratio** | **2.14** | **2.85** | **2.29** | **2.39** |

# SELECTED FINANCIAL DATA
**2009 Same Store - Consolidated**
**Unaudited**
**($000's omitted)**

SL GREEN REALTY CORP.

| | | Three Months Ended March 31, 2010 | Three Months Ended March 31, 2009 | % | Three Months Ended December 31, 2009 | Three Months Ended September 30, 2009 |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| | Rental revenue, net | $ 193,427 | $ 190,379 | 1.6% | $ 191,846 | $ 190,838 |
| | Escalation & reimbursement revenues | 30,908 | 32,878 | -6.0% | 29,356 | 29,538 |
| | Other income | 2,816 | 663 | 324.7% | 1,053 | 6,837 |
| | **Total Revenues** | **227,151** | **223,920** | **1.4%** | **222,255** | **227,213** |
| **Expenses** | | | | | | |
| | Operating expense | 51,273 | 51,838 | -1.1% | 50,353 | 51,096 |
| | Ground rent | 7,988 | 8,284 | -3.6% | 8,060 | 8,150 |
| | Real estate taxes | 37,124 | 36,173 | 2.6% | 33,123 | 34,263 |
| | | **96,385** | **96,295** | **0.1%** | **91,536** | **93,509** |
| | **EBITDA** | **130,766** | **127,625** | **2.5%** | **130,719** | **133,704** |
| | Interest expense & amortization of financing costs | 37,100 | 36,413 | 1.9% | 37,458 | 48,576 |
| | Depreciation & amortization | 53,269 | 51,906 | 2.6% | 57,503 | 54,245 |
| | Income before noncontrolling interest | 40,397 | 39,306 | 2.8% | 35,758 | 30,883 |
| Plus: | Real estate depreciation & amortization | 53,252 | 51,891 | 2.6% | 57,494 | 54,236 |
| | **FFO** | **93,649** | **91,197** | **2.7%** | **93,252** | **85,119** |
| Less: | Non–building revenue | 192 | 192 | 0.0% | 486 | 190 |
| Plus: | Interest expense & amortization of financing costs | 37,100 | 36,413 | 1.9% | 37,458 | 48,576 |
| | Non-real estate depreciation | 17 | 15 | 13.3% | 9 | 9 |
| | **GAAP NOI** | **130,574** | **127,433** | **2.5%** | **130,233** | **133,514** |
| **Cash Adjustments** | | | | | | |
| Less: | Free rent (net of amortization) | 3,520 | 557 | 532.0% | 1,317 | 57 |
| | Straightline revenue adjustment | 7,130 | 6,621 | 7.7% | 6,069 | 5,909 |
| | Rental income - FAS 141 | 6,681 | 5,374 | 24.3% | 7,507 | 6,031 |
| | Ground lease straight-line adjustment | 331 | 304 | 8.9% | 304 | 304 |
| Plus: | Allowance for S/L tenant credit loss | 1,214 | 1,870 | -35.1% | 1,131 | 1,061 |
| | **Cash NOI** | **$ 114,126** | **$ 116,447** | **-2.0%** | **$ 116,167** | **$ 122,274** |
| **Operating Margins** | | | | | | |
| | GAAP NOI to Real Estate Revenue, net | 57.23% | 56.49% | | 58.43% | 58.54% |
| | Cash NOI to Real Estate Revenue, net | 50.02% | 51.62% | | 52.12% | 53.61% |
| | GAAP NOI before Ground Rent/Real Estate Revenue, net | 60.73% | 60.16% | | 62.04% | 62.11% |
| | Cash NOI before Ground Rent/Real Estate Revenue, net | 53.37% | 55.15% | | 55.60% | 57.05% |

# SELECTED FINANCIAL DATA

**2009 Same Store - Joint Venture**
**Unaudited**
**($000's omitted)**

SL GREEN REALTY CORP.

| | | Three Months Ended March 31, 2010 | Three Months Ended March 31, 2009 | % | Three Months Ended December 31, 2009 | Three Months Ended September 30, 2009 |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| | Rental revenue, net | $ 66,740 | $ 68,113 | -2.0% | $ 66,681 | $ 67,186 |
| | Escalation & reimbursement revenues | 9,810 | 9,927 | -1.2% | 9,619 | 9,885 |
| | Other income | 2,901 | 406 | 614.5% | 2,684 | 2,531 |
| | **Total Revenues** | **79,451** | **78,446** | **1.3%** | **78,984** | **79,602** |
| **Expenses** | | | | | | |
| | Operating expense | 14,252 | 14,329 | -0.5% | 13,054 | 13,811 |
| | Ground rent | 171 | 171 | 0.0% | 171 | 171 |
| | Real estate taxes | 10,759 | 10,508 | 2.4% | 9,544 | 10,068 |
| | | **25,182** | **25,008** | **0.7%** | **22,769** | **24,050** |
| | **EBITDA** | **54,269** | **53,438** | **1.6%** | **56,215** | **55,552** |
| | Interest expense & amortization of financing costs | 23,298 | 21,175 | 10.0% | 22,810 | 22,403 |
| | Depreciation & amortization | 16,350 | 16,557 | -1.3% | 16,923 | 16,542 |
| | Income before noncontrolling interest | 14,621 | 15,706 | -6.9% | 16,482 | 16,607 |
| Plus: | Real estate depreciation & amortization | 16,343 | 16,537 | -1.2% | 16,916 | 16,522 |
| | **FFO** | **30,964** | **32,243** | **-4.0%** | **33,398** | **33,129** |
| Less: | Non–building revenue | 23 | 378 | -93.9% | 241 | 101 |
| Plus: | Interest expense & amortization of financing costs | 23,298 | 21,175 | 10.0% | 22,810 | 22,403 |
| | Non-real estate depreciation | 7 | 20 | -65.0% | 7 | 20 |
| | **GAAP NOI** | **54,246** | **53,060** | **2.2%** | **55,974** | **55,451** |
| **Cash Adjustments** | | | | | | |
| Less: | Free rent (net of amortization) | (206) | 8,365 | -102.5% | (226) | 457 |
| | Straightline revenue adjustment | 5,647 | 6,244 | -9.6% | 5,292 | 5,684 |
| | Rental income - FAS 141 | 106 | 765 | -86.1% | 497 | 1,551 |
| Plus: | Ground lease straight-line adjustment | 2 | 242 | -99.2% | 8 | 811 |
| | Allowance for S/L tenant credit loss | 170 | 11 | 1445.5% | 2 | 2 |
| | **Cash NOI** | **$ 48,871** | **$ 37,939** | **28.8%** | **$ 50,421** | **$ 48,572** |
| **Operating Margins** | | | | | | |
| | GAAP NOI to Real Estate Revenue, net | 68.29% | 67.76% | | 71.08% | 69.04% |
| | Cash NOI to Real Estate Revenue, net | 61.53% | 48.45% | | 64.03% | 60.48% |
| | GAAP NOI before Ground Rent/Real Estate Revenue, net | 68.51% | 67.97% | | 71.29% | 69.26% |
| | Cash NOI before Ground Rent/Real Estate Revenue, net | 61.53% | 48.65% | | 64.24% | 60.69% |

# DEBT SUMMARY SCHEDULE - Consolidated

**Unaudited**

**($000's omitted)**

| | Principal Outstanding 3/31/2010 | Coupon | 2010 Annual Principal Repayment | Maturity Date | Due at Maturity | As-Of Right Extension | Earliest Prepayment |
|---|---|---|---|---|---|---|---|
| **Fixed rate debt** | | | | | | | |
| **Secured fixed rate debt** | | | | | | | |
| 300 Main Street | 11,500 | 5.75% | - | Feb-17 | 11,500 | - | Open |
| 141 Fifth Avenue | 25,000 | 5.70% | - | Jun-17 | 25,000 | - | Jun-10 |
| 500 West Putnam Avenue | 25,000 | 5.52% | 422 | Jan-16 | 22,376 | - | Open |
| 673 First Avenue | 31,399 | 5.67% | 827 | Feb-13 | 28,984 | - | Open |
| 625 Madison Avenue | 134,409 | 7.22% | 2,908 | Nov-15 | 109,537 | - | Open |
| 609 Fifth Avenue | 97,578 | 5.85% | 1,450 | Oct-13 | 92,062 | - | Open |
| 420 Lexington Avenue | 150,332 | 7.52% | 1,298 | Sep-16 | 138,916 | - | Sep-12 |
| 711 Third Avenue | 120,000 | 4.99% | - | Jun-15 | 120,000 | - | Open |
| 120 W 45th Street | 170,000 | 6.12% | - | Feb-17 | 170,000 | - | Open |
| 220 E 42nd Street | 197,826 | 5.25% | 4,113 | Nov-13 | 182,342 | - | Open |
| 919 Third Avenue | 223,343 | 6.87% | 4,225 | Aug-11 | 216,656 | - | Open |
| 485 Lexington Avenue | 450,000 | 5.61% | - | Feb-17 | 450,000 | - | Open |
| 1 Madison Avenue - South Building | 648,891 | 5.91% | 11,841 | May-20 | 404,531 | - | Open |
| | **2,285,278** | **6.02%** | **27,084** | | **1,971,904** | | |
| **Secured fixed rate debt - Other** | | | | | | | |
| 609 Partners, LLC | 37,421 | 5.00% | - | Jul-14 | 37,421 | - | Open |
| | **37,421** | **5.00%** | **-** | | **37,421** | | |
| **Unsecured fixed rate debt** | | | | | | | |
| Senior unsecured line of credit | 60,000 | 5.26% | - | Jun-12 | 60,000 | Jun-12 | Open |
| Junior subordinated deferrable interest debentures | 100,000 | 5.61% | - | Jul-15 | 100,000 | - | - |
| Unsecured note | 123,607 | 5.15% | - | Jan-11 | 123,607 | - | Open |
| Unsecured note | 150,000 | 5.88% | - | Aug-14 | 150,000 | - | Open |
| Unsecured note | 274,737 | 6.00% | - | Mar-16 | 275,000 | - | Open |
| Unsecured note | 250,000 | 7.75% | - | Mar-20 | 250,000 | - | Open |
| Convertible note | 94,084 | 4.00% | - | Jun-25 (1) | 94,576 | - | Jun-10 |
| Convertible note (net) | 160,827 | 3.00% | - | Mar-27 (2) | 168,673 | - | Apr-12 |
| | **1,213,255** | **5.64%** | **-** | | **1,221,856** | | |
| **Total Fixed Rate Debt/Wtd Avg** | **3,535,954** | **5.88%** | **27,084** | | **3,231,181** | | |
| **Floating rate debt** | | | | | | | |
| **Secured floating rate debt** | | | | | | | |
| 100 Church Street (Libor + 250 bps) | 139,672 | 5.00% | - | Jan-13 | 139,672 | - | Open |
| 180-182 Broadway (Libor + 225 bps) | 22,534 | 2.48% | - | Feb-11 | 22,534 | - | Open |
| 28 W 44th St (Libor + 201 bps) | 123,122 | 2.25% | 1,473 | Aug-13 | 116,922 | - | Open |
| 1 Landmark Square (Libor + 185 bps) | 115,119 | 2.08% | - | Feb-12 | 115,119 | Feb-12 | Open |
| | **400,447** | **3.17%** | **1,473** | | **254,575** | | |
| **Unsecured floating rate debt** | | | | | | | |
| Senior unsecured line of credit (Libor + 90 bps) | 840,000 | 1.05% | - | Jun-12 | 840,000 | Jun-12 | Open |
| | **840,000** | **1.05%** | **-** | | **840,000** | | |
| **Total Floating Rate Debt/Wtd Avg** | **1,240,447** | **1.74%** | **1,473** | | **1,094,575** | | |
| **Total Debt/Wtd Avg - Consolidated** | **4,776,401** | **4.80%** | **28,557** | | **4,325,756** | | |
| **Total Debt/Wtd Avg - Joint Venture** | **1,847,234** | **4.68%** | | | | | |
| **Weighted Average Balance & Interest Rate with SLG JV Debt** | **6,820,904** | **4.77%** | | | | | |

(1) Notes can be put to the Company, at the option of the holder, on June 15, 2010.

(2) Notes can be put to the Company, at the option of the holder, on March 30, 2012.

# DEBT SUMMARY SCHEDULE - Joint Venture

**Unaudited**

**($000's omitted)**

| | Principal Outstanding - 3/31/10 | | | 2010 | | | As-Of | |
|---|---|---|---|---|---|---|---|---|
| | Gross Principal | SLG Share | Coupon | Principal Repayment | Maturity Date | Due at Maturity | Right Extension | Earliest Prepayment |
| **Fixed rate debt** | | | | | | | | |
| 800 Third Avenue | 20,910 | 8,981 | 6.00% | - | Aug-17 | 8,981 | - | Open |
| 1604-1610 Broadway | 27,000 | 12,150 | 5.66% | 355 | Apr-12 | 11,723 | - | Open |
| 1221 Avenue of the Americas | 65,000 | 29,250 | 5.51% | - | Dec-10 | 29,250 | - | Open |
| Jericho Plaza | 163,750 | 33,176 | 5.65% | - | May-17 | 33,176 | - | Open |
| 21-25 West 34th Street | 100,000 | 50,000 | 5.76% | - | Dec-16 | 50,000 | - | Open |
| 100 Park Avenue (1) | 200,000 | 99,800 | 6.64% | - | Sep-14 | 81,318 | - | Sep-11 |
| One Court Square | 315,000 | 94,500 | 4.91% | - | Sep-15 | 94,500 | - | Open |
| 2 Herald Square | 191,250 | 105,188 | 5.36% | - | Apr-17 | 105,188 | - | Open |
| 1745 Broadway | 340,000 | 109,650 | 5.68% | - | Jan-17 | 109,650 | - | Open |
| 885 Third Avenue | 267,650 | 147,208 | 6.26% | - | Jul-17 | 147,208 | - | Open |
| 388/390 Greenwich Street | 1,106,757 | 559,997 | 5.19% | - | Dec-17 | 559,997 | - | Open |
| **Total Fixed Rate Debt/Wtd Avg** | **2,797,317** | **1,249,899** | **5.52%** | **355** | | **1,230,990** | | |
| 388/390 Greenwich Street (Libor + 115 bps) | 31,622 | 16,000 | 1.38% | - | Dec-17 | 16,000 | - | Open |
| 379 West Broadway (Libor + 165 bps) | 20,991 | 9,446 | 1.88% | - | Jul-11 | 9,446 | - | Open |
| 1551/1555 Broadway (Libor + 400 bps) | 132,350 | 13,235 | 4.25% | 5,000 | Oct-11 | 12,360 | - | Open |
| 29 West 34th Street (Libor + 165 bps) | 54,700 | 27,350 | 1.88% | 425 | May-11 | 27,132 | - | Open |
| Meadows (Libor + 135 bps) | 87,033 | 43,516 | 1.39% | 201 | Sep-12 | 43,034 | - | Open |
| 16 Court Street (Libor + 250 bps) | 87,293 | 30,553 | 2.30% | - | Oct-13 | 30,553 | - | Open |
| 1221 Avenue of the Americas (Libor + 75 bps) | 105,000 | 47,250 | 1.00% | - | Dec-10 | 47,250 | - | Open |
| 521 Fifth Avenue (Libor + 100 bps) | 140,000 | 70,140 | 1.23% | - | Apr-11 | 70,140 | - | Open |
| 717 Fifth Avenue (Libor + 275 bps) | 245,000 | 80,238 | 5.25% | - | Sep-11 | 80,238 | - | Open |
| 1515 Broadway (Libor + 250 bps) | 472,014 | 259,607 | 3.50% | 6,657 | Dec-14 | 231,619 | - | Open |
| **Total Floating Rate Debt/Wtd Avg** | **1,376,003** | **597,335** | **2.92%** | **5,626** | | **567,771** | | |
| **Total Joint Venture Debt/Wtd Avg** | **4,173,320** | **1,847,234** | **4.68%** | **5,981** | | **1,798,761** | | |

(1) Does not include pending future funding of $15M.

## Covenants

| Senior Unsecured Line of Credit Covenants | Actual | Required |
|---|---|---|
| **Total Debt / Total Assets** | 46.8% | Less than 60% |
| **Secured Debt / Total Assets** | 26.1% | Less than 50% |
| **Line Fixed Charge Coverage** | 2.28 | Greater than 1.50 |
| **Unsecured Debt / Unencumbered Assets** | 43.8% | Less than 60% |
| **Unencumbered Interest Coverage** | 3.66 | Greater than 1.75 |
| **Maximum FFO Payout** | 15.1% | Less than 95% |

# DEBT SUMMARY SCHEDULE - Reckson

**Unaudited**

**($000's omitted)**

RECKSON
A Division of SL GREEN REALTY CORP.

## Consolidated

| Fixed rate debt | Principal Outstanding 3/31/2010 | Coupon | 2010 Annual Principal Repayment | Maturity Date | Due at Maturity | As-Of Right Extension | Earliest Prepayment |
|---|---|---|---|---|---|---|---|
| **Secured fixed rate debt** | | | | | | | |
| 919 Third Avenue | 223,343 | 6.87% | 4,225 | Aug-11 | 216,656 | - | Open |
| | **223,343** | **6.87%** | **4,225** | | **216,656** | | |
| **Unsecured fixed rate debt** | | | | | | | |
| Unsecured note | 123,607 | 5.15% | - | Jan-11 | 123,607 | - | Open |
| Unsecured note | 150,000 | 5.88% | - | Aug-14 | 150,000 | - | Open |
| Unsecured note | 274,737 | 6.00% | - | Mar-16 | 275,000 | - | Open |
| Unsecured note | 250,000 | 7.75% | - | Mar-20 | 250,000 | - | Open |
| Convertible note | 94,084 | 4.00% | - | Jun-25 (1) | 94,576 | - | Jun-10 |
| | **892,428** | **6.14%** | **-** | | **893,183** | | |
| **Total Debt/Wtd Avg - Consolidated** | **1,115,771** | **6.29%** | **4,225** | | **1,109,839** | | |

## Joint Venture

| Fixed rate debt | Principal Outstanding - 3/31/10 Gross Principal | SLG Share | Coupon | 2010 Principal Repayment | Maturity Date | Due at Maturity | As-Of Right Extension | Earliest Prepayment |
|---|---|---|---|---|---|---|---|---|
| One Court Square | 315,000 | 94,500 | 4.91% | - | Sep-15 | 94,500 | - | Open |
| **Total Debt/Wtd Avg - Joint Venture** | **315,000** | **94,500** | **4.91%** | **-** | | **94,500** | | |
| **Total Debt/Wtd Avg - Consolidated + Joint Venture** | | **1,210,271** | **6.18%** | **4,225** | | **1,204,339** | | |

(1) Notes can be put to the Company, at the option of the holder, on June 15, 2010.

## Covenants

**Reckson Unsecured Notes Covenants**

| | Actual | Required |
|---|---|---|
| **Total Debt / Total Assets** | 27.0% | Less than 60% |
| **Secured Debt / Total Assets** | 5.0% | Less than 40% |
| **Debt Service Coverage** | 3.60 | Greater than 1.5 |
| **Unencumbered Assets / Unsecured Debt** | 317.0% | Greater than 150% |

# SUMMARY OF GROUND LEASE ARRANGEMENTS

**Consolidated**

**($000's omitted)**

SL GREEN REALTY CORP.

| Property | 2010 Scheduled Cash Payment | 2011 Scheduled Cash Payment | 2012 Scheduled Cash Payment | 2013 Scheduled Cash Payment | Deferred Land Lease Obligations (1) | Year of Maturity | |
|---|---|---|---|---|---|---|---|
| **Operating Leases** | | | | | | | |
| 673 First Avenue | $ 3,010 | $ 3,010 | $ 3,010 | $ 3,010 | $ 17,853 | 2037 | |
| 420 Lexington Avenue (2) | 10,933 | 10,933 | 10,933 | 10,933 | - | 2029 | (3) |
| 711 Third Avenue (2) (4) | 1,550 | 750 | - | - | 223 | 2032 | |
| 461 Fifth Avenue (2) | 2,100 | 2,100 | 2,100 | 2,100 | - | 2027 | (5) |
| 625 Madison Avenue (2) | 4,613 | 4,613 | 4,613 | 4,613 | - | 2022 | (6) |
| 1185 Avenue of the Americas (2) | 8,527 | 6,909 | 6,909 | 6,909 | - | 2043 | |
| 1055 Washing Blvd, Stamford (2) | 615 | 615 | 615 | 615 | - | 2090 | |
| **Total** | **$ 31,348** | **$ 28,930** | **$ 28,180** | **$ 28,180** | **$ 18,076** | | |
| **Capitalized Lease** | | | | | | | |
| 673 First Avenue | $ 1,451 | $ 1,555 | $ 1,555 | $ 1,555 | $ 16,930 | 2037 | |

(1) Per the balance sheet at March 31, 2010.
(2) These ground leases are classified as operating leases and, therefore, do not appear on the balance sheet as an obligation.
(3) Subject to renewal at the Company's option through 2080.
(4) Excludes portion payable to SL Green as owner of 50% leasehold.
(5) The Company has an option to purchase the ground lease for a fixed price on a specific date.
(6) Subject to renewal at the Company's option through 2054

# STRUCTURED FINANCE

**($000's omitted)**

| | Assets Outstanding | Weighted Average Assets During Quarter | Weighted Average Yield During Quarter | Current Yield | LIBOR Rate [3] |
|---|---|---|---|---|---|
| **12/31/2008** | $747,883 | $755,516 | 10.34% | 10.14% | 0.44% |
| Originations/Accretion [1] | $6,151 | | | | |
| Preferred Equity | $910 | | | | |
| Redemptions/Sales/Amortization/Reserves | ($63,561) | | | | |
| **3/31/2009** | $691,383 | $688,985 | 8.48% | 8.74% | 0.50% |
| Originations/Accretion [1] | $29,468 | | | | |
| Preferred Equity | $0 | | | | |
| Redemptions/Sales/Amortization/Reserves | ($112,541) | | | | |
| **6/30/2009** [2] | $608,310 | $665,578 | 8.31% | 8.28% | 0.31% |
| Originations/Accretion [1] | $21,332 | | | | |
| Preferred Equity | $3,175 | | | | |
| Redemptions/Sales/Amortization/Reserves | ($17,359) | | | | |
| **9/30/2009** [2] | $615,458 | $610,044 | 9.31% | 8.92% | 0.25% |
| Originations/Accretion [1] | $192,351 | | | | |
| Preferred Equity | $866 | | | | |
| Redemptions/Sales/Amortization/Reserves | ($23,063) | | | | |
| **12/31/2009** [2] | $785,612 | $648,018 | 8.80% | 7.84% | 0.23% |
| Originations/Accretion [1] | $83,824 | | | | |
| Preferred Equity | $857 | | | | |
| Redemptions/Sales/Amortization/Reserves | ($83,162) | | | | |
| **3/31/2010** [2] | $787,131 | $786,075 | 7.40% | 8.08% | 0.25% |

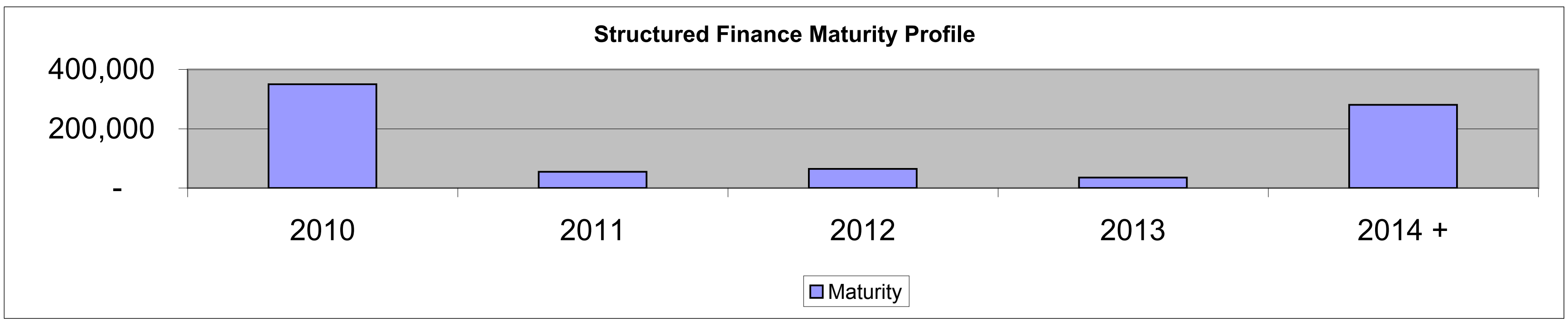
(1) Accretion includes original issue discounts and compounding investment income.
(2) Includes approximately $1 million of structured finance investments which are classified as held for sale.
(3) LIBOR rate is as of quarter end.

# STRUCTURED FINANCE

**($000's omitted)**

| Type of Investment | Quarter End Balance [1] | Senior Financing | Weighted Average Exposure PSF | | Weighted Average Yield During Quarter | Current Yield |
|---|---|---|---|---|---|---|
| **New York City** | | | | | | |
| **Senior Mortgage Debt** | $ 201,294 | $ - | $ 476 | | 4.82% | 4.96% |
| **Junior Mortgage Participation** | $ 122,441 | $ 885,050 | $ 1,631 | (3) | 11.90% | 12.45% |
| **Mezzanine Debt** | $ 343,832 | $ 6,181,036 | $ 2,500 | (3) | 8.10% | 8.54% |
| **Preferred Equity** | $ 42,648 | $ 209,168 | $ 109 | | 11.95% | 12.35% |
| **Other** | | | | | | |
| **Senior Mortgage Debt** | $ 37,321 | $ - | $ 96 | | 5.23% | 5.33% |
| **Mezzanine Debt** | $ 14,123 | $ 2,221,640 | $ 87 | | 5.99% | 6.10% |
| **Preferred Equity** | $ 25,472 | $ 988,128 | $ 233 | | 3.90% | 3.65% |
| **Balance as of 3/31/10** | $ 787,131 | $ 10,485,022 | $ 1,482 | (3) | 7.40% | 8.08% |

**Current Maturity Profile [2]**




(1) Most investments are indexed to LIBOR and are prepayable at dates prior to maturity subject to certain prepayment penalties or fees.
(2) The weighted maturity is 2.67 years.
(3) Excluding the mezzanine loan and junior mortgage participation on the retail portion of a New York City property, the weighted average exposure for New York City Junior Mortgage Debt, Mezzanine Debt and the total structured finance portfolio are $387 psf, $930 psf and $566 psf, respectively.

# STRUCTURED FINANCE

## 10 Largest Investments

## ($000's omitted)

| Investment Type | Book Value [1] | Location | Collateral Type | Senior Financing | Last $ PSF | Current Yield |
|---|---|---|---|---|---|---|
| Mortgage and Mezzanine | $ 185,160 | New York City | Office | $ - | $603 | 4.31% [2] |
| Mortgage and Mezzanine | 146,164 | New York City | Retail | 285,000 | $5,950 | 15.75% |
| Mezzanine Loan | 84,636 | New York City | Office | 1,139,000 | $1,111 | 0.00% |
| Mortgage and Mezzanine | 58,593 | New York City | Office | 205,000 | $382 | 3.48% |
| Mortgage and Mezzanine | 47,677 | Various | Office | 2,221,640 | $87 | 5.76% |
| Preferred Equity | 42,648 | New York City | Office | 209,168 | $109 | 12.35% |
| Mezzanine Loan | 39,313 | New York City | Office/Retail | 165,000 | $1,714 | 9.89% |
| Mortgage Loan | 35,041 | New York City | Office | 210,000 | $444 | 13.15% |
| Preferred Equity | 25,472 | Los Angeles | Office | 988,128 | $233 | 3.65% |
| Mezzanine Loan | 25,000 | New York City | Office | 200,000 | $440 | 9.26% |
| **Total** | **$ 689,704** | | | **$ 5,622,936** | | **7.65%** |

(1) Net of unamortized fees, discounts, and reserves
(2) Does not reflect amortization of discount

## SELECTED PROPERTY DATA

### Manhattan Properties

| Properties | SubMarket | Ownership | # of Bldgs | Usable Sq. Feet | % of Total Sq. Feet | Occupancy (%) Mar-10 | Dec-09 | Sep-09 | Jun-09 | Mar-09 | Annualized Rent ($'s) | Annualized Rent 100% | SLG | Total Tenants |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CONSOLIDATED PROPERTIES** | | | | | | | | | | | | | | |
| **"Same Store"** | | | | | % | % | % | % | % | % | $ | % | % | |
| 19 West 44th Street | Midtown | Fee Interest | 1 | 292,000 | 1 | 98.2 | 96.9 | 97.5 | 98.0 | 97.2 | 13,945,128 | 2 | 1 | 59 |
| 120 West 45th Street | Midtown | Fee Interest | 1 | 440,000 | 1 | 96.6 | 97.6 | 99.0 | 99.0 | 99.0 | 24,861,528 | 3 | 2 | 24 |
| 220 East 42nd Street | Grand Central | Fee Interest | 1 | 1,135,000 | 4 | 98.5 | 94.8 | 94.8 | 99.6 | 99.4 | 46,407,948 | 6 | 4 | 31 |
| 28 West 44th Street | Midtown | Fee Interest | 1 | 359,000 | 1 | 90.8 | 91.4 | 97.3 | 97.3 | 98.6 | 14,523,108 | 2 | 1 | 63 |
| 317 Madison Avenue | Grand Central | Fee Interest | 1 | 450,000 | 1 | 86.6 | 85.1 | 89.2 | 90.5 | 91.8 | 20,920,560 | 3 | 2 | 84 |
| 420 Lexington Ave (Graybar) | Grand Central North | Operating Sublease | 1 | 1,188,000 | 4 | 93.8 | 94.1 | 96.0 | 96.8 | 96.7 | 63,556,068 | 9 | 6 | 219 |
| 461 Fifth Avenue (3) | Midtown | Leasehold Interest | 1 | 200,000 | 1 | 98.8 | 98.8 | 98.8 | 98.8 | 95.4 | 15,553,824 | 2 | 1 | 18 |
| 485 Lexington Avenue | Grand Central North | Fee Interest | 1 | 921,000 | 3 | 93.9 | 96.8 | 96.8 | 96.8 | 92.6 | 49,400,376 | 7 | 5 | 21 |
| 555 West 57th Street | Midtown West | Fee Interest | 1 | 941,000 | 3 | 96.4 | 98.9 | 98.9 | 99.1 | 99.1 | 31,299,852 | 4 | 3 | 12 |
| 609 Fifth Avenue | Rockefeller Center | Fee Interest | 1 | 160,000 | 1 | 97.5 | 97.5 | 97.9 | 99.1 | 99.1 | 13,622,808 | 2 | 1 | 14 |
| 625 Madison Avenue | Plaza District | Leasehold Interest | 1 | 563,000 | 2 | 99.6 | 99.8 | 99.7 | 97.3 | 97.6 | 44,021,352 | 6 | 4 | 27 |
| 673 First Avenue | Grand Central South | Leasehold Interest | 1 | 422,000 | 1 | 99.7 | 99.7 | 99.7 | 99.7 | 99.7 | 17,462,292 | 2 | 2 | 9 |
| 711 Third Avenue (1) | Grand Central North | Operating Sublease | 1 | 524,000 | 2 | 89.1 | 89.1 | 92.1 | 92.1 | 93.3 | 24,084,084 | 3 | 2 | 16 |
| 750 Third Avenue | Grand Central North | Fee Interest | 1 | 780,000 | 3 | 95.2 | 95.2 | 96.6 | 89.2 | 97.2 | 38,362,812 | 5 | 4 | 28 |
| 810 Seventh Avenue | Times Square | Fee Interest | 1 | 692,000 | 2 | 88.2 | 88.8 | 88.9 | 87.9 | 87.6 | 38,472,492 | 5 | 4 | 37 |
| 919 Third Avenue (2) | Grand Central North | Fee Interest | 1 | 1,454,000 | 5 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 82,704,276 | | 4 | 15 |
| 1185 Avenue of the Americas | Rockefeller Center | Leasehold Interest | 1 | 1,062,000 | 3 | 98.9 | 98.9 | 98.9 | 98.9 | 98.9 | 71,619,264 | 10 | 6 | 20 |
| 1350 Avenue of the Americas | Rockefeller Center | Fee Interest | 1 | 562,000 | 2 | 89.4 | 89.2 | 97.2 | 97.2 | 94.6 | 30,521,256 | 4 | 3 | 43 |
| 1 Madison Avenue | Park Avenue South | Fee Interest | 1 | 1,176,900 | 4 | 99.8 | 99.8 | 99.8 | 99.8 | 99.8 | 61,721,184 | 8 | 6 | 2 |
| 331 Madison Avenue | Grand Central | Fee Interest | 1 | 114,900 | 0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 5,057,124 | 1 | 0 | 19 |
| **Subtotal / Weighted Average** | | | **20** | **13,436,800** | **43** | **95.9** | **96.0** | **97.0** | **97.0** | **97.1** | **$ 708,117,336** | **85** | **63** | **761** |
| **Adjustments** | | | | | | | | | | | | | | |
| 100 Church Street | Downtown | Fee Interest | 1 | 1,047,500 | 3 | 43.4 | - | - | - | - | 18,938,016 | 3 | 2 | 9 |
| 333 West 34th Street | Penn Station | Fee Interest | 1 | 345,400 | 1 | 41.5 | 41.5 | 41.5 | 95.5 | 100.0 | 7,039,884 | 1 | 1 | 1 |
| **Subtotal / Weighted Average** | | | **2** | **1,392,900** | **4** | **43.0** | **41.5** | **41.5** | **95.5** | **100.0** | **$ 25,977,900** | **4** | **3** | **10** |
| **Total / Weighted Average Manhattan Consolidated Properties** | | | **22** | **14,829,700** | **48** | **90.9** | **94.6** | **95.6** | **97.0** | **97.2** | **$ 734,095,236** | **88** | **66** | **771** |
| **UNCONSOLIDATED PROPERTIES** | | | | | | | | | | | | | | |
| **"Same Store"** | | | | | | | | | | | | | | |
| 100 Park Avenue - 50% | Grand Central South | Fee Interest | 1 | 834,000 | 3 | 83.7 | 84.3 | 83.7 | 81.5 | 75.7 | 44,972,124 | | 2 | 35 |
| 521 Fifth Avenue - 50.1% (3) | Grand Central | Leasehold Interest | 1 | 460,000 | 1 | 85.3 | 81.5 | 89.1 | 88.3 | 89.6 | 19,102,776 | | 1 | 44 |
| 800 Third Avenue - 42.95% | Grand Central North | Fee Interest | 1 | 526,000 | 2 | 72.6 | 96.1 | 96.1 | 98.7 | 98.7 | 22,645,404 | | 1 | 29 |
| 1221 Avenue of the Americas - 45% | Rockefeller Center | Fee Interest | 1 | 2,550,000 | 8 | 90.7 | 94.3 | 93.6 | 93.7 | 93.7 | 151,664,688 | | 7 | 19 |
| 1515 Broadway - 68.45% | Times Square | Fee Interest | 1 | 1,750,000 | 6 | 97.9 | 98.0 | 98.0 | 94.5 | 95.4 | 86,759,352 | | 6 | 9 |
| 388 & 390 Greenwich Street - 50.6% | Downtown | Fee Interest | 2 | 2,635,000 | 8 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 102,945,936 | | 5 | 1 |
| 1745 Broadway - 32.3% | Midtown | Fee Interest | 1 | 674,000 | 2 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 36,538,044 | | 1 | 1 |
| **Total / Weighted Average Unconsolidated Properties** | | | **8** | **9,429,000** | **30** | **93.4** | **95.6** | **95.7** | **95.0** | **94.7** | **$ 464,628,324** | | **22** | **138** |
| **Manhattan Grand Total / Weighted Average** | | | **30** | **24,258,700** | **78** | **91.9** (4) | **95.0** | **95.7** | **96.2** | **96.2** | **$ 1,198,723,560** | | | **909** |
| **Manhattan Grand Total - SLG share of Annualized Rent** | | | | | | | | | | | **$ 926,866,597** | | **88** | |
| **Manhattan Same Store Occupancy % - Combined** | | | | **22,865,800** | **94** | **94.8** | **95.8** | **96.5** | **96.2** | **96.1** | | | | |
| **Portfolio Grand Total** | | | **61** | **31,063,400** | **100** | **91.0** | **93.6** | **94.5** | **94.8** | **94.8** | **$ 1,386,770,455** | | | **1,337** |
| **Portfolio Grand Total - SLG Share of Annualized Rent** | | | | | | | | | | | **$ 1,045,324,401** | | **100** | |

(1) Including Ownership of 50% in Building Fee.
(2) SL Green holds a 51% interest in this consolidated joint venture asset.
(3) SL Green holds an option to acquire the fee interest on this building.
(4) Exluding 100 Church Street, which the Company took ownership of by foreclosure in January 2010, the occupancy is 94%.

## SELECTED PROPERTY DATA

### Suburban Properties

| Properties | SubMarket | Ownership | # of Bldgs | Usable Sq. Feet | % of Total Sq. Feet | Occupancy (%) Mar-10 | Dec-09 | Sep-09 | Jun-09 | Mar-09 | Annualized Rent ($'s) | Annualized Rent 100% | SLG | Total Tenants |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CONSOLIDATED PROPERTIES** | | | | | | | | | | | | | | |
| **"Same Store" Westchester, NY** | | | | | % | % | % | % | % | % | $ | % | % | |
| 1100 King Street | Rye Brook, Westchester | Fee Interest | 6 | 540,000 | 2 | 80.3 | 88.2 | 89.3 | 89.3 | 89.3 | 12,351,348 | 2 | 1 | 29 |
| 520 White Plains Road | Tarrytown, Westchester | Fee Interest | 1 | 180,000 | 1 | 93.2 | 93.2 | 93.2 | 93.2 | 92.4 | 4,377,708 | 1 | 0 | 10 |
| 115-117 Stevens Avenue | Valhalla, Westchester | Fee Interest | 1 | 178,000 | 1 | 65.6 | 67.0 | 67.0 | 67.0 | 67.5 | 2,298,660 | 0 | 0 | 11 |
| 100 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 1 | 250,000 | 1 | 81.7 | 86.4 | 78.4 | 78.4 | 78.4 | 5,777,559 | 1 | 1 | 8 |
| 200 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 1 | 245,000 | 1 | 93.5 | 93.5 | 93.5 | 94.6 | 95.7 | 6,824,964 | 1 | 1 | 8 |
| 500 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 1 | 228,000 | 1 | 57.7 | 56.4 | 82.1 | 82.1 | 82.1 | 3,432,480 | 0 | 1 | 5 |
| 140 Grand Street | White Plains, Westchester | Fee Interest | 1 | 130,100 | 0 | 96.6 | 96.6 | 94.7 | 92.7 | 92.7 | 3,795,072 | 1 | 1 | 9 |
| 360 Hamilton Avenue | White Plains, Westchester | Fee Interest | 1 | 384,000 | 1 | 96.1 | 100.0 | 100.0 | 100.0 | 100.0 | 12,856,560 | 2 | 2 | 13 |
| **Westchester, NY Subtotal/Weighted Average** | | | **13** | **2,135,100** | **8** | **83.2** | **86.5** | **88.5** | **88.7** | **88.9** | **51,714,351** | **7** | **7** | **93** |
| **"Same Store" Connecticut** | | | | | | | | | | | | | | |
| Landmark Square | Stamford, Connecticut | Fee Interest | 6 | 826,000 | 3 | 84.2 | 81.2 | 84.9 | 83.9 | 83.3 | 19,390,890 | 3 | 2 | 101 |
| 680 Washington Boulevard (1) | Stamford, Connecticut | Fee Interest | 1 | 133,000 | 0 | 84.5 | 84.5 | 100.0 | 100.0 | 100.0 | 2,821,668 | | 0 | 5 |
| 750 Washington Boulevard (1) | Stamford, Connecticut | Fee Interest | 1 | 192,000 | 1 | 95.4 | 97.4 | 97.4 | 97.4 | 97.4 | 6,573,019 | | 0 | 7 |
| 1055 Washington Boulevard | Stamford, Connecticut | Leasehold Interest | 1 | 182,000 | 1 | 87.2 | 87.2 | 85.8 | 84.4 | 84.9 | 5,486,079 | 1 | 1 | 20 |
| 300 Main Street | Stamford, Connecticut | Fee Interest | 1 | 130,000 | 0 | 92.2 | 92.8 | 95.3 | 95.3 | 95.3 | 1,961,892 | 0 | 0 | 20 |
| 1010 Washington Boulevard | Stamford, Connecticut | Fee Interest | 1 | 143,400 | 0 | 54.3 | 54.3 | 56.0 | 65.6 | 71.3 | 2,237,124 | 0 | 0 | 18 |
| 500 West Putnam Avenue | Greenwich, Connecticut | Fee Interest | 1 | 121,500 | 0 | 83.2 | 83.2 | 83.2 | 83.2 | 83.2 | 3,876,024 | 1 | 0 | 10 |
| **Connecticut Subtotal/Weighted Average** | | | **12** | **1,727,900** | **5** | **83.8** | **82.7** | **85.8** | **86.0** | **86.2** | **42,346,696** | **5** | **3** | **181** |
| **Total / Weighted Average Consolidated Properties** | | | **25** | **3,863,000** | **13** | **83.5** | **84.8** | **87.3** | **87.5** | **87.8** | **$ 94,061,047** | **12** | **10** | **274** |
| **UNCONSOLIDATED PROPERTIES** | | | | | | | | | | | | | | |
| **"Same Store"** | | | | | | | | | | | | | | |
| One Court Square - 30% | Long Island City, New York | Fee Interest | 1 | 1,402,000 | 5 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 51,363,840 | | 1 | 1 |
| The Meadows - 50% | Rutherford, New Jersey | Fee Interest | 2 | 582,100 | 2 | 84.7 | 84.9 | 85.3 | 82.6 | 83.0 | 12,074,436 | | 1 | 53 |
| 16 Court Street - 35% | Brooklyn, NY | Fee Interest | 1 | 317,600 | 1 | 84.0 | 84.1 | 83.3 | 81.5 | 81.1 | 9,259,464 | | 0 | 64 |
| Jericho Plaza - 20.26% | Jericho, New York | Fee Interest | 2 | 640,000 | 2 | 95.1 | 92.8 | 96.2 | 97.7 | 97.6 | 21,288,108 | | 0 | 36 |
| **Total / Weighted Average Unconsolidated Properties** | | | **6** | **2,941,700** | **10** | **94.2** | **93.7** | **94.5** | **94.1** | **94.1** | **$ 93,985,848** | | **2** | **154** |
| **Suburban Grand Total / Weighted Average** | | | **31** | **6,804,700** | **23** | **88.1** | **88.7** | **90.4** | **90.3** | **90.4** | **$ 188,046,895** | | | **428** |
| **Suburban Grand Total - SLG share of Annualized Rent** | | | | | | | | | | | **$ 118,457,804** | | **12** | |
| **Suburban Same Store Occupancy % - Combined** | | | | **6,804,700** | **100** | **88.1** | **88.7** | **90.4** | **90.3** | **90.4** | | | | |

(1) SL Green holds a 51% interest in this consolidated joint venture asset.

(2) SL Green holds an option to acquire the fee interest on this property.

| RETAIL, DEVELOPMENT & LAND | SubMarket | Ownership | # of Bldgs | Usable Sq. Feet | % of Total Sq. Feet | Mar-10 | Dec-09 | Sep-09 | Jun-09 | Mar-09 | Annualized Rent ($'s) | Gross Total Book Value | SLG | Total Tenants |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 125 Chubb Way | Lyndhurst, NJ | Fee Interest | 1 | 278,000 | 36 | 10.7 | 10.7 | - | - | - | $ 642,012 | $ 40,126,600 | 1 | 1 |
| 150 Grand Street | White Plains, NY | Fee Interest | 1 | 85,000 | 11 | 10.4 | 7.7 | 20.6 | 17.5 | 17.5 | 176,112 | 14,480,514 | 1 | 4 |
| 141 Fifth Avenue - 50% | Flatiron | Fee Interest | 1 | 21,500 | 3 | 77.6 | 100.0 | 77.6 | 68.5 | 100.0 | 2,411,940 | 17,779,331 | 4 | 3 |
| 1551-1555 Broadway - 10% | Times Square | Fee Interest | 1 | 25,600 | 3 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 16,018,584 | 144,655,760 | 5 | 1 |
| 1604 Broadway - 63% | Times Square | Leasehold Interest | 1 | 29,876 | 4 | 23.7 | 23.7 | 23.7 | 23.7 | 23.7 | 2,001,912 | 7,490,827 | 4 | 2 |
| 180-182 Broadway - 50% | Cast Iron/Soho | Fee Interest | 2 | 70,580 | 9 | 49.0 | 49.0 | 49.0 | 51.0 | 54.8 | 844,296 | 46,371,961 | 1 | 7 |
| 21-25 West 34th Street - 50% | Herald Square/Penn Station | Fee Interest | 1 | 30,100 | 4 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 6,284,520 | 23,349,965 | 11 | 1 |
| 27-29 West 34th Street - 50% | Herald Square/Penn Station | Fee Interest | 1 | 15,600 | 2 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 3,856,164 | 47,913,211 | 7 | 2 |
| 379 West Broadway - 45% (2) | Cast Iron/Soho | Leasehold Interest | 1 | 62,006 | 8 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 3,889,020 | 22,020,161 | 6 | 5 |
| 717 Fifth Avenue - 32.75% | Midtown/Plaza District | Fee Interest | 1 | 119,550 | 15 | 75.8 | 75.8 | 75.8 | 75.8 | 77.7 | 19,217,016 | 278,698,158 | 21 | 7 |
| 7 Landmark Square | Stamford, Connecticut | Fee Interest | 1 | 36,800 | 5 | 10.8 | 10.8 | 10.8 | 10.8 | 10.8 | 273,336 | 9,714,174 | 1 | 1 |
| 2 Herald Square - 55% | Herald Square/Penn Station | Fee Interest | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 9,000,000 | 225,597,988 | 17 | 1 |
| 885 Third Avenue - 55% | Midtown/Plaza District | Fee Interest | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 11,095,000 | 317,313,391 | 21 | 1 |
| **Total / Weighted Average Retail/Development Properties** | | | **12** | **774,612** | **100** | **N/A** | **N/A** | **N/A** | **N/A** | **N/A** | **$ 75,709,912** | **$ 1,195,512,041** | **100** | **36** |

## SELECTED PROPERTY DATA

### Manhattan Properties - Reckson Portfolio

| Properties | SubMarket | Ownership | | Usable Sq. Feet | % of Total Sq. Feet | Occupancy (%) Mar-10 | Dec-09 | Sep-09 | Jun-09 | Mar-09 | Annualized Rent ($'s) | Annualized Rent 100% | SLG | Total Tenants |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CONSOLIDATED PROPERTIES** | | | | | | | | | | | | | | |
| **"Same Store"** | | | | | | | | | | | | | | |
| 810 Seventh Avenue | Times Square | Fee Interest | | 692,000 | 9 | 88.2 | 88.8 | 88.9 | 87.9 | 87.6 | 38,472,492 | 19 | 15 | 15 |
| 919 Third Avenue | Grand Central North | Fee Interest | (1) | 1,454,000 | 19 | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 | 82,704,276 | | 16 | 2 |
| 1185 Avenue of the Americas | Rockefeller Center | Leasehold Interest | | 1,062,000 | 14 | 98.9 | 98.9 | 98.9 | 98.9 | 98.9 | 71,619,264 | 36 | 28 | 25 |
| 1350 Avenue of the Americas | Rockefeller Center | Fee Interest | | 562,000 | 7 | 89.4 | 89.2 | 97.2 | 97.2 | 94.6 | 30,521,256 | 15 | 12 | 42 |
| **Total / Weighted Average Consolidated Properties** | | | | **3,770,000** | **48** | **95.9** | **96.0** | **97.2** | **97.0** | **96.6** | **$ 223,317,288** | **71** | **70** | **84** |
| **Grand Total / Weighted Average** | | | | **3,770,000** | **48** | **95.9** | **96.0** | **97.2** | **97.0** | **96.6** | **$ 223,317,288** | | | **84** |
| **Grand Total - SLG share of Annualized Rent** | | | | | | | | | | | **$ 182,792,193** | | **70** | |

### Suburban Properties - Reckson Portfolio

| Properties | SubMarket | Ownership | | Usable Sq. Feet | % of Total Sq. Feet | Occupancy (%) Mar-10 | Dec-09 | Sep-09 | Jun-09 | Mar-09 | Annualized Rent ($'s) | Annualized Rent 100% | SLG | Total Tenants |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CONSOLIDATED PROPERTIES** | | | | | | | | | | | | | | |
| **"Same Store"** | | | | | | | | | | | | | | |
| 1100 King Street - 1 Int'l Drive | Rye Brook, Westchester | Fee Interest | | 90,000 | 1 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 2,451,468 | 1 | 1 | 1 |
| 1100 King Street - 2 Int'l Drive | Rye Brook, Westchester | Fee Interest | | 90,000 | 1 | 79.4 | 79.4 | 79.4 | 79.4 | 79.4 | 2,105,652 | 1 | 1 | 4 |
| 1100 King Street - 3 Int'l Drive | Rye Brook, Westchester | Fee Interest | | 90,000 | 1 | 73.0 | 73.0 | 79.9 | 79.9 | 79.9 | 1,703,400 | 1 | 1 | 4 |
| 1100 King Street - 4 Int'l Drive | Rye Brook, Westchester | Fee Interest | | 90,000 | 1 | 73.4 | 96.9 | 96.9 | 96.9 | 96.9 | 1,766,280 | 1 | 1 | 9 |
| 1100 King Street - 5 Int'l Drive | Rye Brook, Westchester | Fee Interest | | 90,000 | 1 | 77.6 | 79.9 | 79.9 | 79.9 | 79.9 | 1,972,992 | 1 | 1 | 8 |
| 1100 King Street - 6 Int'l Drive | Rye Brook, Westchester | Fee Interest | | 90,000 | 1 | 78.2 | 100.0 | 100.0 | 100.0 | 100.0 | 2,351,556 | 1 | 1 | 3 |
| 520 White Plains Road | Tarrytown, Westchester | Fee Interest | | 180,000 | 2 | 93.2 | 93.2 | 93.2 | 93.2 | 92.4 | 4,377,708 | 2 | 2 | 10 |
| 115-117 Stevens Avenue | Valhalla, Westchester | Fee Interest | | 178,000 | 2 | 65.6 | 67.0 | 67.0 | 67.0 | 67.5 | 2,298,660 | 1 | 1 | 11 |
| 100 Summit Lake Drive | Valhalla, Westchester | Fee Interest | | 250,000 | 3 | 81.7 | 86.4 | 78.4 | 78.4 | 78.4 | 5,777,559 | 3 | 2 | 8 |
| 200 Summit Lake Drive | Valhalla, Westchester | Fee Interest | | 245,000 | 3 | 93.5 | 93.5 | 93.5 | 94.6 | 95.7 | 6,824,964 | 3 | 3 | 8 |
| 500 Summit Lake Drive | Valhalla, Westchester | Fee Interest | | 228,000 | 3 | 57.7 | 56.4 | 82.1 | 82.1 | 82.1 | 3,432,480 | 2 | 1 | 5 |
| 140 Grand Street | White Plains, Westchester | Fee Interest | | 130,100 | 2 | 96.6 | 96.6 | 94.7 | 92.7 | 92.7 | 3,795,072 | 2 | 1 | 9 |
| 360 Hamilton Avenue | White Plains, Westchester | Fee Interest | | 384,000 | 5 | 96.1 | 100.0 | 100.0 | 100.0 | 100.0 | 12,856,560 | 6 | 5 | 13 |
| 680 Washington Avenue | Stamford, Connecticut | Fee Interest | (1) | 133,000 | 2 | 84.5 | 84.5 | 100.0 | 100.0 | 100.0 | 2,821,668 | | 1 | 5 |
| 750 Washington Avenue | Stamford, Connecticut | Fee Interest | (1) | 192,000 | 2 | 95.4 | 97.4 | 97.4 | 97.4 | 97.4 | 6,573,019 | | 1 | 7 |
| 1055 Washington Avenue | Stamford, Connecticut | Leasehold Interest | | 182,000 | 2 | 87.2 | 87.2 | 85.8 | 84.4 | 84.9 | 5,486,079 | 3 | 2 | 20 |
| **Total / Weighted Average Consolidated Properties** | | | | **2,642,100** | **34** | **84.5** | **87.2** | **89.5** | **89.4** | **89.5** | **$ 66,595,117** | **29** | **24** | **125** |
| **UNCONSOLIDATED PROPERTIES** | | | | | | | | | | | | | | |
| **"Same Store"** | | | | | | | | | | | | | | |
| One Court Square - 30% | Long Island City, New York | Fee Interest | | 1,402,000 | 18 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 51,363,840 | | 6 | 1 |
| **Total / Weighted Average Unconsolidated Properties** | | | | **1,402,000** | **18** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **$ 51,363,840** | | **6** | **1** |
| **Grand Total / Weighted Average** | | | | **4,044,100** | **52** | **89.9** | **91.7** | **93.2** | **93.1** | **93.2** | **$ 117,958,957** | | | **126** |
| **Grand Total - SLG share of Annualized Rent** | | | | | | | | | | | **$ 77,400,872** | | **30** | |
| **Reckson Portfolio Grand Total** | | | | **7,814,100** | **100** | **92.8** | **93.7** | **95.1** | **95.0** | **94.8** | **$ 341,276,245** | | | **210** |
| **Portfolio Grand Total - SLG Share of Annualized Rent** | | | | | | | | | | | **$ 260,193,065** | **100** | **100** | |

(1) SL Green holds a 51% interest in this consolidated joint venture asset.

## LARGEST TENANTS BY SQUARE FEET LEASED

**Manhattan and Suburban Properties**

SL GREEN REALTY CORP.

**Wholly Owned Portfolio + Allocated JV Properties**

| Tenant Name | Property | Lease Expiration | Total Leased Square Feet | | Annualized Rent ($) | | PSF Annualized | % of Annualized Rent | | SLG Share of Annualized Rent($) | % of SLG Share of Annualized Rent | Credit Rating (2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Citigroup, N.A. | 388 & 390 Greenwich Street, 485 Lexington Avenue, 750 Third Avenue, 800 Third Avenue, 750 Washington Blvd & Court Square | Various | 4,451,237 | $ | 174,363,120 | (1) | $39.17 | 12.6% | $ | 85,215,732 | 8.2% | A-1 |
| Viacom International, Inc. | 1515 Broadway | 2010, 2015 & 2020 (3) | 1,287,430 | | 70,970,952 | | $55.13 | 5.1% | | 48,579,617 | 4.6% | BBB |
| Credit Suisse Securities (USA), Inc. | 1 Madison Avenue | 2020 | 1,150,207 | | 60,581,388 | | $52.67 | 4.4% | | 60,581,388 | 5.8% | A+ |
| Morgan Stanley & Co. Inc. | 1221 Avenue of the Americas, 2 Jericho Plaza & 4 Landmark Square | Various | 661,644 | | 49,059,888 | | $74.15 | 3.5% | | 21,971,706 | 2.1% | A-1 |
| Random House, Inc. | 1745 Broadway | 2018 | 644,598 | | 36,538,044 | | $56.68 | 2.6% | | 11,787,173 | 1.1% | BBB |
| Debevoise & Plimpton, LLP | 919 Third Avenue | 2021 | 586,528 | | 36,446,748 | | $62.14 | 2.6% | | 18,587,841 | 1.8% | |
| Omnicom Group, Inc. | 220 East 42nd Street & 420 Lexington Avenue | 2010, 2011 & 2017 | 496,876 | | 20,077,248 | | $40.41 | 1.4% | | 20,077,248 | 1.9% | A- |
| Societe Generale | 1221 Avenue of the Americas | Various | 486,663 | | 29,674,392 | | $60.98 | 2.1% | | 13,353,476 | 1.3% | A+ |
| The McGraw Hill Companies, Inc. | 1221 Avenue of the Americas | Various | 420,329 | | 23,335,016 | | $55.52 | 1.7% | | 10,500,757 | 1.0% | A |
| Advance Magazine Group, Fairchild Publications | 750 Third Avenue & 485 Lexington Avenue | 2021 | 342,720 | | 13,729,476 | | $40.06 | 1.0% | | 13,729,476 | 1.3% | |
| C.B.S. Broadcasting, Inc. | 555 West 57th Street | 2013 & 2017 | 286,037 | | 10,549,488 | | $36.88 | 0.8% | | 10,549,488 | 1.0% | BBB- |
| Polo Ralph Lauren Corporation | 625 Madison Avenue | 2019 | 269,269 | | 16,127,064 | | $59.89 | 1.2% | | 16,127,064 | 1.5% | BBB+ |
| Schulte, Roth & Zabel LLP | 919 Third Avenue | 2021 | 263,186 | | 14,654,520 | | $55.68 | 1.1% | | 7,473,805 | 0.7% | |
| Verizon | 120 West 45th Street, 1100 King Street Bldgs 1& 2, 1 Landmark Square, 2 Landmark Square & 500 Summit Lake Drive | Various | 256,811 | | 7,572,240 | | $29.49 | 0.5% | | 7,572,240 | 0.7% | A |
| The Travelers Indemnity Company | 485 Lexington Avenue & 2 Jericho Plaza | 2015 & 2016 | 250,857 | | 12,215,832 | | $48.70 | 0.9% | | 11,324,950 | 1.1% | AA- |
| New York Presbyterian Hospital | 28 West 44th Street & 673 First Avenue | 2021 | 238,798 | | 9,008,556 | | $37.72 | 0.6% | | 9,008,556 | 0.9% | |
| The City University of New York - CUNY | 555 West 57th Street & 28 West 44th Street | 2010, 2011, 2015 & 2016 | 229,044 | | 8,652,708 | | $37.78 | 0.6% | | 8,652,708 | 0.8% | |
| BMW of Manhattan | 555 West 57th Street | 2022 | 227,782 | | 5,039,772 | | $22.13 | 0.4% | | 5,039,772 | 0.5% | |
| Sonnenschein, Nath & Rosenthal | 1221 Avenue of the Americas | Various | 191,825 | | 13,309,284 | | $69.38 | 1.0% | | 5,989,178 | 0.6% | |
| D.E. Shaw and Company L.P. | 120 West 45th Street | 2011, 2013, 2015 & 2017 | 187,484 | | 11,481,804 | | $61.24 | 0.8% | | 11,481,804 | 1.1% | |
| Amerada Hess Corp. | 1185 Avenue of the Americas | 2027 | 182,529 | | 11,663,772 | | $63.90 | 0.8% | | 11,663,772 | 1.1% | BBB- |
| Fuji Color Processing Inc. | 200 Summit Lake Drive | 2013 | 165,880 | | 5,006,328 | | $30.18 | 0.4% | | 5,006,328 | 0.5% | AA- |
| King & Spalding | 1185 Avenue of the Americas | 2025 | 159,858 | | 9,417,936 | | $58.91 | 0.7% | | 9,417,936 | 0.9% | |
| National Hockey League | 1185 Avenue of the Americas | 2022 | 148,216 | | 11,051,064 | | $74.56 | 0.8% | | 11,051,064 | 1.1% | |
| New York Hospitals Center/Mount Sinai | 625 Madison Avenue & 673 First Avenue | 2016, 2021 & 2026 | 146,917 | | 6,323,892 | | $43.04 | 0.5% | | 6,323,892 | 0.6% | |
| Banque National De Paris | 919 Third Avenue | 2016 | 145,834 | | 8,343,660 | | $57.21 | 0.6% | | 4,255,267 | 0.4% | |
| The Segal Company | 333 West 34th Street | 2025 | 144,307 | | 7,086,541 | | $49.11 | 0.5% | | 7,086,541 | 0.7% | |
| Draft Worldwide | 919 Third Avenue | 2013 | 141,260 | | 8,116,272 | | $57.46 | 0.6% | | 4,139,299 | 0.4% | B+ |
| News America Incorporated | 1185 Avenue of the Americas | 2020 | 138,294 | | 11,660,040 | | $84.31 | 0.8% | | 11,660,040 | 1.1% | BBB+ |
| Allen & Overy LLP | 1221 Avenue of the Americas | 2016 | 136,945 | | 12,432,708 | | $90.79 | 0.9% | | 5,594,719 | 0.5% | |
| **Total** | | | **14,439,365** | **$** | **714,489,753** | **(1)** | **$49.48** | **51.5%** | **$** | **473,802,837** | **45.3%** | |
| **Wholly Owned Portfolio + Allocated JV Properties** | | | **31,063,400** | **$** | **1,386,770,455** | **(1)** | **$44.64** | | **$** | **1,045,324,401** | | |

(1) - Reflects the net rent of $39.07 PSF for the 388-390 Greenwich Street lease. If this lease were included on a gross basis, Citigroup's total PSF annualized rent would be $49.22. Total PSF annualized rent for the largest tenants would be $52.58 and Total PSF annualized rent for the Wholly Owned Portfolio + Allocated JV properties would be $46.08.

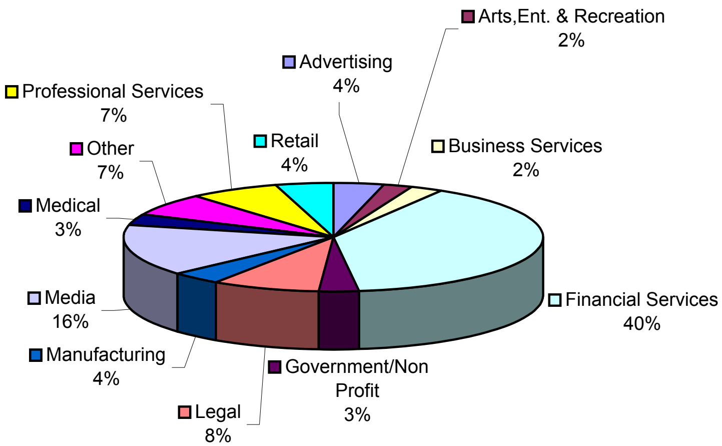
(2) - 53% of Portfolio's largest tenants have investment grade credit ratings. 34% of SLG Share of annualized rent is derived from these tenants.

(3) - 2010 expiration represents 20,000 SF retail space expiring on 4/30/10.

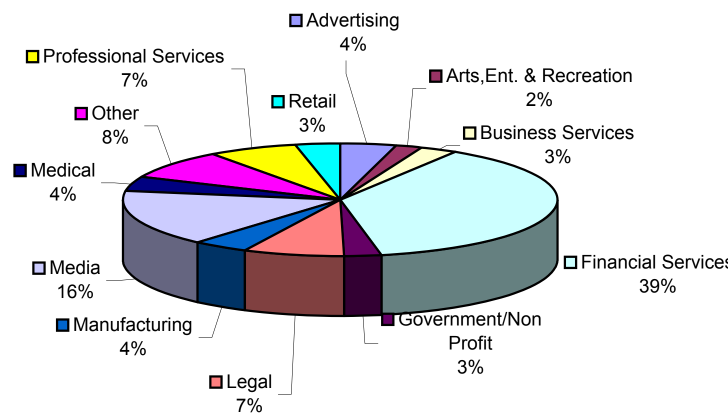
# TENANT DIVERSIFICATION

## Manhattan and Suburban Properties

**Based on SLG Share of Base Rental Revenue**




**Based on SLG Share of Square Feet Leased**



## Leasing Activity - Manhattan Properties

## Available Space

| Activity | Building Address | # of Leases | Usable SF | Rentable SF | Rent/Rentable SF ($'s)(1) |
|---|---|---|---|---|---|
| ***Vacancy at 12/31/09*** | | | **1,159,892** | | |
| ***Add: Acquired Vacancies*** | **100 Church Street** | | **614,518** | | |
| ***Space which became available during the Quarter (A):*** | | | | | |
| ***Office*** | | | | | |
| | 317 Madison Avenue | 3 | 7,968 | 8,235 | $40.48 |
| | 485 Lexington Avenue | 1 | 27,250 | 27,250 | $62.39 |
| | 100 Park Avenue | 2 | 15,650 | 15,856 | $51.52 |
| | 555 West 57th Street | 1 | 23,650 | 23,650 | $36.29 |
| | 1221 Sixth Avenue | 2 | 92,600 | 92,600 | $76.17 |
| | 19 West 44th Street | 3 | 7,026 | 7,129 | $47.26 |
| | 28 West 44th Street | 2 | 4,678 | 5,561 | $51.26 |
| | 521 Fifth Avenue | 1 | 4,629 | 5,131 | $51.57 |
| | 800 Third Avenue | 4 | 302,164 | 302,477 | $50.41 |
| | 810 Seventh Avenue | 1 | 15,500 | 15,500 | $60.36 |
| | 1350 Avenue of the Americas | 5 | 23,413 | 24,182 | $59.37 |
| | 420 Lexington Avenue | 10 | 24,800 | 29,960 | $47.11 |
| | **Total/Weighted Average** | **35** | **549,328** | **557,531** | **$55.02** |
| ***Retail*** | | | | | |
| | 1515 Broadway | 1 | 2,488 | 1,656 | $313.69 |
| | 625 Madison Avenue | 1 | 8,550 | 8,550 | $58.65 |
| | 120 West 45th Street | 1 | 4,383 | 4,383 | $58.31 |
| | **Total/Weighted Average** | **3** | **15,421** | **14,589** | **$87.50** |
| ***Storage*** | | | | | |
| | 1515 Broadway | 1 | 120 | 120 | $33.71 |
| | 220 East 42nd Street | 1 | 356 | 343 | $29.14 |
| | 100 Park Avenue | 1 | 140 | 140 | $21.84 |
| | 800 Third Avenue | 1 | 1,500 | 1,500 | $20.00 |
| | **Total/Weighted Average** | **4** | **2,116** | **2,103** | **$22.40** |
| | **Total Space became Available during the Quarter** | | | | |
| | ***Office*** | **35** | **549,328** | **557,531** | **$55.02** |
| | ***Retail*** | **3** | **15,421** | **14,589** | **$87.50** |
| | ***Storage*** | **4** | **2,116** | **2,103** | **$22.40** |
| | | **42** | **566,865** | **574,223** | **$55.73** |
| | **Total Available Space** | | **2,341,275** | | |

*(1) Escalated Rent is calculated as Total Annual Income less Electric Charges.*
*(A) Includes expiring space, relocating tenants and move-outs where tenants vacated. Excludes lease expirations where tenants heldover.*

## Leasing Activity - Manhattan Properties

## Leased Space

| Activity | Building Address | # of Leases | Term (Yrs) | Usable SF | Rentable SF | New Cash Rent / Rentable SF(1) | Prev. Escalated Rent/ Rentable SF(2) | TI / Rentable SF | Free Rent # of Months |
|---|---|---|---|---|---|---|---|---|---|
| **Available Space as of 3/31/10** | | | | **2,341,275** | | | | | |
| ***Office*** | | | | | | | | | |
| | 317 Madison Avenue | 5 | 4.3 | 13,856 | 15,330 | $ 40.43 | $ 39.52 | $ 7.28 | 1.4 |
| | 220 East 42nd Street | 1 | 16.6 | 41,575 | 44,034 | $ 36.00 | $ 38.90 | $ 35.00 | 11.0 |
| | 100 Park Avenue | 1 | 0.4 | 9,656 | 10,889 | $ 50.00 | $ 48.29 | $ - | - |
| | 19 West 44th Street | 5 | 5.5 | 10,605 | 11,556 | $ 37.68 | $ 47.57 | $ 34.43 | 1.1 |
| | 28 West 44th Street | 1 | 5.3 | 2,770 | 2,841 | $ 38.00 | $ 44.58 | $ 19.39 | 3.0 |
| | 521 Fifth Avenue | 2 | 8.8 | 22,222 | 24,118 | $ 43.09 | $ 72.04 | $ 65.11 | 2.3 |
| | 800 Third Avenue | 10 | 10.2 | 178,844 | 199,259 | $ 45.71 | $ 45.94 | $ 27.22 | 7.2 |
| | 810 Seventh Avenue | 2 | 6.1 | 11,516 | 12,657 | $ 50.77 | $ 52.59 | $ 19.75 | 4.7 |
| | 1350 Avenue of the Americas | 5 | 10.3 | 24,617 | 25,783 | $ 58.50 | $ 61.09 | $ 63.88 | 15.3 |
| | 420 Lexington Avenue | 7 | 3.8 | 20,063 | 24,518 | $ 36.86 | $ 51.94 | $ 2.04 | 0.6 |
| | ***Total/Weighted Average*** | **39** | **9.6** | **335,724** | **370,985** | **$ 44.46** | **$ 47.79** | **$ 29.78** | **6.7** |
| ***Retail*** | | | | | | | | | |
| | 317 Madison Avenue | 1 | 10.5 | 500 | 504 | $ 250.00 | $ - | $ - | 6.0 |
| | 100 Park Avenue | 1 | 10.0 | 990 | 990 | $ 74.00 | $ - | $ 311.62 | 5.0 |
| | 100 Church Street | 1 | 20.8 | 21,965 | 21,965 | $ 48.42 | $ - | $ 6.98 | 11.0 |
| | 625 Madison Avenue | 2 | 2.7 | 7,147 | 7,147 | $ 92.63 | $ - | $ - | 1.4 |
| | ***Total/Weighted Average*** | **5** | **16.1** | **30,602** | **30,606** | **$ 62.89** | **$ -** | **$ 15.09** | **8.5** |
| ***Storage*** | | | | | | | | | |
| | 1515 Broadway | 1 | 5.0 | 120 | 120 | $ 33.95 | $ 33.71 | $ - | - |
| | 220 East 42nd Street | 1 | 2.0 | 847 | 800 | $ 25.00 | $ - | $ - | - |
| | 800 Third Avenue | 1 | 10.0 | 1,500 | 1,500 | $ 20.00 | $ 20.00 | $ 19.17 | - |
| | 420 Lexington Avenue | 2 | 5.5 | 603 | 1,030 | $ 25.00 | $ 29.77 | $ - | - |
| | ***Total/Weighted Average*** | **5** | **6.6** | **3,070** | **3,450** | **$ 23.14** | **$ 24.22** | **$ 8.33** | **-** |
| **Leased Space** | | | | | | | | | |
| | ***Office (3)*** | **39** | **9.6** | **335,724** | **370,985** | **$ 44.46** | **$ 47.79** | **$ 29.78** | **6.7** |
| | ***Retail*** | **5** | **16.1** | **30,602** | **30,606** | **$ 62.89** | **$ -** | **$ 15.09** | **8.5** |
| | ***Storage*** | **5** | **6.6** | **3,070** | **3,450** | **$ 23.14** | **$ 24.22** | **$ 8.33** | **-** |
| | **Total** | **49** | **10.1** | **369,396** | **405,041** | **$ 45.67** | **$ 47.63** | **$ 28.49** | **6.8** |
| **Total Available Space as of 3/31/10** | | | | **1,971,879** | | | | | |
| **Early Renewals** | | | | | | | | | |
| ***Office*** | | | | | | | | | |
| | 100 Park Avenue | 1 | 10.0 | 9,929 | 10,985 | $ 53.00 | $ 51.72 | $ 10.00 | 4.0 |
| | 19 West 44th Street | 2 | 6.8 | 3,287 | 3,333 | $ 44.14 | $ 46.17 | $ 10.95 | - |
| | 609 Fifth Avenue | 1 | 10.4 | 9,963 | 10,498 | $ 62.75 | $ 58.76 | $ 11.00 | 5.0 |
| | 420 Lexington Avenue | 4 | 7.2 | 91,028 | 105,520 | $ 44.30 | $ 44.50 | $ 27.33 | 1.7 |
| | ***Total/Weighted Average*** | **8** | **7.7** | **114,207** | **130,336** | **$ 46.52** | **$ 46.30** | **$ 24.14** | **2.1** |
| ***Storage*** | | | | | | | | | |
| | 420 Lexington Avenue | 1 | 10.2 | 734 | 844 | $ 25.00 | 24.32 | $ - | - |
| | ***Total/Weighted Average*** | **1** | **10.2** | **734** | **844** | **$ 25.00** | **$ 24.32** | **$ -** | **-** |
| **Renewals** | | | | | | | | | |
| | ***Early Renewals Office*** | **8** | **7.7** | **114,207** | **130,336** | **$ 46.52** | **$ 46.30** | **$ 24.14** | **2.1** |
| | ***Early Renewals Storage*** | **1** | **10.2** | **734** | **844** | **$ 25.00** | **$ 24.32** | **$ -** | **-** |
| | ***Total*** | **9** | **7.7** | **114,941** | **131,180** | **$ 46.38** | **$ 46.16** | **$ 23.98** | **2.1** |

(1) Annual Base Rent.
(2) Escalated Rent is calculated as Total Annual Income less Electric Charges.
(3) Average starting office rent excluding new tenants replacing vacancies is $44.44/rsf for 354,689 rentable SF.
Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) is $45.00/rsf for 485,025 rentable SF.

## Leasing Activity - Suburban Properties

## Available Space

SL GREEN REALTY CORP.

| Activity | Building Address | # of Leases | Usable SF | Rentable SF | Rent/Rentable SF ($'s)(1) |
|---|---|---|---|---|---|
| ***Vacancy at 12/31/09*** | | | **804,841** | | |
| ***Space which became available during the Quarter (A):*** | | | | | |
| ***Office*** | | | | | |
| | 1100 King Street - 4 Int'l Drive | 3 | 21,104 | 21,104 | $34.40 |
| | 1100 King Street - 5 Int'l Drive | 1 | 2,107 | 2,107 | $27.81 |
| | 1100 King Street - 6 Int'l Drive | 2 | 19,598 | 19,598 | $27.05 |
| | 115-117 Stevens Avenue | 1 | 2,443 | 2,443 | $23.86 |
| | 100 Summit Lake Drive | 2 | 13,775 | 13,775 | $30.59 |
| | 360 Hamilton Avenue | 2 | 15,086 | 15,086 | $32.14 |
| | 1 Landmark Square | 1 | 4,585 | 4,585 | $30.81 |
| | 3 Landmark Square | 1 | 3,060 | 3,060 | $37.79 |
| | 5 Landmark Square | 1 | 2,983 | 2,983 | $27.28 |
| | 300 Main Street | 1 | 768 | 768 | $21.36 |
| | 680 Washington Boulevard | 1 | 15,014 | 15,014 | $39.52 |
| | 750 Washington Boulevard | 1 | 3,839 | 3,839 | $38.50 |
| | 1010 Washington Boulevard | 1 | 642 | 642 | $25.13 |
| | 1055 Washington Boulevard | 1 | 4,281 | 4,281 | $36.58 |
| | The Meadows | 5 | 38,643 | 38,643 | $25.62 |
| | Jericho Plaza | 1 | 2,867 | 2,867 | $33.93 |
| | 16 Court Street | 2 | 1,936 | 1,909 | $35.64 |
| | **Total/Weighted Average** | **27** | **152,731** | **152,704** | **$30.80** |
| ***Retail*** | | | | | |
| | 4 Landmark Square | 1 | 771 | 771 | $16.00 |
| | **Total/Weighted Average** | **1** | **771** | **771** | **$16.00** |
| ***Storage*** | | | | | |
| | The Meadows | 1 | 10,941 | 10,941 | $3.62 |
| | **Total/Weighted Average** | **1** | **10,941** | **10,941** | **$3.62** |
| | **Total Space became Available during the Quarter** | | | | |
| | ***Office*** | **27** | **152,731** | **152,704** | **$30.80** |
| | ***Retail*** | **1** | **771** | **771** | **$16.00** |
| | ***Storage*** | **1** | **10,941** | **10,941** | **$3.62** |
| | | **29** | **164,443** | **164,416** | **$28.92** |
| | **Total Available Space** | | **969,284** | | |

*(1) Escalated Rent is calculated as Total Annual Income less Electric Charges.*

*(A) Includes expiring space, relocating tenants and move-outs where tenants vacated. Excludes lease expirations where tenants heldover.*

# Leasing Activity - Suburban Properties

## Leased Space

| Activity | Building Address | # of Leases | Term (Yrs) | Usable SF | Rentable SF | New Cash Rent / Rentable SF(1) | Prev. Escalated Rent/ Rentable SF(2) | TI / Rentable SF | Free Rent # of Months |
|---|---|---|---|---|---|---|---|---|---|
| **Available Space as of 3/31/10** | | | | **969,284** | | | | | |
| ***Office*** | | | | | | | | | |
| | 100 Summit Lake Drive | 1 | 2.0 | 2,042 | 2,042 | $ 25.00 | $ 29.18 | $ 3.00 | - |
| | 500 Summit Lake Drive | 1 | 4.0 | 2,944 | 2,944 | $ 21.25 | $ - | $ 42.00 | 2.0 |
| | 1 Landmark Square | 2 | 3.7 | 5,577 | 5,577 | $ 26.27 | $ 32.22 | $ 6.55 | 2.1 |
| | 5 Landmark Square | 1 | 10.0 | 2,983 | 2,983 | $ 30.00 | $ 27.28 | $ - | - |
| | 6 Landmark Square | 1 | 10.7 | 5,154 | 5,154 | $ 32.75 | $ - | $ 56.85 | 7.0 |
| | 680 Washington Boulevard | 1 | 15.5 | 15,014 | 15,014 | $ 41.00 | $ 39.52 | $ 60.00 | 12.0 |
| | 1010 Washington Boulevard | 1 | 1.0 | 642 | 642 | $ 25.00 | $ 25.13 | $ - | - |
| | 1055 Washington Boulevard | 1 | 0.5 | 4,281 | 4,281 | $ 17.00 | $ 36.58 | $ - | - |
| | The Meadows | 6 | 4.7 | 37,517 | 37,517 | $ 23.28 | $ 25.55 | $ 1.00 | 4.7 |
| | Jericho Plaza | 1 | 4.3 | 4,100 | 4,299 | $ 31.00 | $ 53.26 | $ 10.00 | - |
| | 16 Court Street | 2 | 4.2 | 1,656 | 1,806 | $ 30.16 | $ - | $ 29.09 | 0.5 |
| | ***Total/Weighted Average*** | **18** | **6.8** | **81,910** | **82,259** | **$ 27.77** | **$ 31.42** | **$ 18.15** | **5.0** |
| ***Retail*** | | | | | | | | | |
| | 4 Landmark Square | 1 | 5.0 | 771 | 771 | $ 16.00 | $ 16.00 | $ - | - |
| | Jericho Plaza | 1 | 10.0 | 12,582 | 12,582 | $ 30.65 | $ - | $ 31.15 | 14.0 |
| | ***Total/Weighted Average*** | **2** | **9.7** | **13,353** | **13,353** | **$ 29.80** | **$ 16.00** | **$ 29.35** | **13.2** |
| ***Storage*** | | | | | | | | | |
| | The Meadows | 1 | 14.8 | 10,941 | 10,941 | $ 3.62 | $ 3.62 | $ - | 29.5 |
| | Jericho Plaza | 2 | 10.0 | 827 | 747 | $ 18.00 | $ 15.29 | $ - | - |
| | ***Total/Weighted Average*** | **3** | **14.5** | **11,768** | **11,688** | **$ 4.54** | **$ 4.37** | **$ -** | **27.6** |
| **Leased Space** | | | | | | | | | |
| | ***Office (3)*** | **18** | **6.8** | **81,910** | **82,259** | **$ 27.77** | **$ 31.42** | **$ 18.15** | **5.0** |
| | ***Retail*** | **2** | **9.7** | **13,353** | **13,353** | **$ 29.80** | **$ 16.00** | **$ 29.35** | **13.2** |
| | ***Storage*** | **3** | **14.5** | **11,768** | **11,688** | **$ 4.54** | **$ 4.37** | **$ -** | **27.6** |
| | **Total** | **23** | **8.0** | **107,031** | **107,300** | **$ 25.49** | **$ 27.40** | **$ 17.57** | **8.5** |
| **Total Available Space as of 3/31/10** | | | | **862,253** | | | | | |
| **Early Renewals** | | | | | | | | | |
| ***Office*** | | | | | | | | | |
| | 1100 King Street - 5 Int'l Drive | 1 | 0.5 | 4,040 | 4,472 | $ 34.00 | $ 30.51 | $ - | - |
| | 200 Summit Lake Drive | 1 | 5.3 | 24,743 | 24,743 | $ 26.50 | $ 31.87 | $ 3.25 | - |
| | 360 Hamilton Avenue | 2 | 9.0 | 44,752 | 44,752 | $ 28.87 | $ 34.73 | $ 11.93 | 3.8 |
| | 1 Landmark Square | 1 | 5.3 | 1,902 | 1,902 | $ 30.00 | $ 32.48 | $ 2.00 | 3.0 |
| | 500 West Putnam Avenue | 1 | 4.1 | 1,207 | 1,207 | $ 37.50 | $ 37.24 | $ 5.00 | 1.0 |
| | The Meadows | 2 | 7.5 | 11,957 | 11,957 | $ 24.94 | $ 25.39 | $ 7.58 | 7.1 |
| | Jericho Plaza | 4 | 7.1 | 40,932 | 40,932 | $ 31.84 | $ 32.86 | $ 5.07 | 1.3 |
| | 16 Court Street | 1 | 5.0 | 1,850 | 2,707 | $ 24.00 | $ 23.81 | $ - | - |
| | ***Total/Weighted Average*** | **13** | **7.1** | **131,383** | **132,672** | **$ 29.16** | **$ 32.40** | **$ 6.95** | **2.4** |
| ***Storage*** | | | | | | | | | |
| | 5 Landmark Square | 1 | 5.0 | 200 | 200 | $ 7.50 | 7.50 | $ - | - |
| | ***Total/Weighted Average*** | **1** | **5.0** | **200** | **200** | **$ 7.50** | **$ 7.50** | **$ -** | **-** |
| **Renewals** | | | | | | | | | |
| | ***Early Renewals Office*** | **13** | **7.1** | **131,383** | **132,672** | **$ 29.16** | **$ 32.40** | **$ 6.95** | **2.4** |
| | ***Early Renewals Storage*** | **1** | **5.0** | **200** | **200** | **$ 7.50** | **$ 7.50** | **$ -** | **-** |
| | ***Total*** | **14** | **7.1** | **131,583** | **132,872** | **$ 29.12** | **$ 32.36** | **$ 6.94** | **2.4** |

(1) Annual Base Rent.
(2) Escalated Rent is calculated as Total Annual Income less Electric Charges.
(3) Average starting office rent excluding new tenants replacing vacancies is $27.44/rsf for 69,259 rentable SF.
Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) is $28.57/rsf for 201,931 rentable SF.

## ANNUAL LEASE EXPIRATIONS - Manhattan Properties

### Consolidated Properties

| Year of Lease Expiration | Number of Expiring Leases (2) | Rentable Square Footage of Expiring Leases | Percentage of Total Leased Sq. Ft. | Annualized Rent of Expiring Leases | Annualized Rent Per Leased Square Foot of Expiring Leases $/psf (3) | Year 2010 Weighted Average Asking Rent $/psf |
|---|---|---|---|---|---|---|
| In 1st Quarter 2010 (1) | 29 | 107,444 | 0.77% | $4,654,716 | $43.32 | $53.54 |
| In 2nd Quarter 2010 | 33 | 311,049 | 2.24% | $12,827,988 | $41.24 | $44.90 |
| In 3rd Quarter 2010 | 34 | 136,097 | 0.98% | $6,788,076 | $49.88 | $58.19 |
| In 4th Quarter 2010 | 30 | 265,618 | 1.91% | $14,036,484 | $52.84 | $51.07 |
| **Total 2010** | **126** | **820,208** | **5.91%** | **$38,307,264** | **$46.70** | **$50.24** |
| In 1st Quarter 2011 | 35 | 278,547 | 2.01% | $16,196,856 | $58.15 | $52.02 |
| In 2nd Quarter 2011 | 31 | 136,025 | 0.98% | $7,212,804 | $53.03 | $78.77 |
| In 3rd Quarter 2011 | 29 | 194,654 | 1.40% | $11,516,640 | $59.16 | $50.89 |
| In 4th Quarter 2011 | 20 | 163,946 | 1.18% | $8,878,512 | $54.16 | $55.33 |
| **Total 2011** | **115** | **773,172** | **5.57%** | **$43,804,812** | **$56.66** | **$57.14** |
| 2012 | 119 | 810,612 | 5.84% | $42,381,240 | $52.28 | $54.09 |
| 2013 | 102 | 1,404,879 | 10.12% | $70,653,180 | $50.29 | $51.09 |
| 2014 | 65 | 853,786 | 6.15% | $44,810,568 | $52.48 | $53.43 |
| 2015 | 58 | 640,460 | 4.62% | $31,171,236 | $48.67 | $52.40 |
| 2016 | 41 | 967,980 | 6.98% | $52,468,680 | $54.20 | $60.35 |
| 2017 | 60 | 1,778,766 | 12.82% | $93,015,588 | $52.29 | $53.60 |
| 2018 | 27 | 537,704 | 3.87% | $40,514,412 | $75.35 | $71.01 |
| 2019 | 21 | 568,655 | 4.10% | $32,538,396 | $57.22 | $56.63 |
| **Thereafter** | 70 | 4,720,984 | 34.02% | $244,429,860 | $51.78 | $56.42 |
| | **804** | **13,877,206** | **100.00%** | **$734,095,236** | **$52.90** | **$55.53** |

### Joint Venture Properties

| Year of Lease Expiration | Number of Expiring Leases (2) | Rentable Square Footage of Expiring Leases | Percentage of Total Leased Sq. Ft. | Annualized Rent of Expiring Leases | Annualized Rent Per Leased Square Foot of Expiring Leases $/psf (3) | Year 2010 Weighted Average Asking Rent $/psf |
|---|---|---|---|---|---|---|
| In 1st Quarter 2010 (1) | 4 | 33,913 | 0.39% | $1,652,964 | $48.74 | $59.50 |
| In 2nd Quarter 2010 | 9 | 88,767 | 1.02% | $7,403,496 | $83.40 | $94.78 |
| In 3rd Quarter 2010 | 5 | 33,792 | 0.39% | $1,806,804 | $53.47 | $59.19 |
| In 4th Quarter 2010 | 3 | 9,066 | 0.10% | $339,108 | $37.40 | $54.92 |
| **Total 2010** | **21** | **165,538** | **1.89%** | **$11,202,372** | **$67.67** | **$78.11** |
| In 1st Quarter 2011 | 4 | 69,439 | 0.79% | $3,093,324 | $44.55 | $54.97 |
| In 2nd Quarter 2011 | - | - | - | - | - | - |
| In 3rd Quarter 2011 | 3 | 45,839 | 0.52% | $2,648,148 | $57.77 | $51.56 |
| In 4th Quarter 2011 | 4 | 74,616 | 0.85% | $3,364,764 | $45.09 | $65.85 |
| **Total 2011** | **11** | **189,894** | **2.17%** | **$9,106,236** | **$47.95** | **$58.42** |
| 2012 | 18 | 114,296 | 1.31% | $6,222,648 | $54.44 | $58.00 |
| 2013 | 10 | 870,622 | 9.96% | $55,501,380 | $63.75 | $68.33 |
| 2014 | 16 | 246,774 | 2.82% | $18,680,112 | $75.70 | $78.84 |
| 2015 | 19 | 1,539,088 | 17.61% | $81,384,984 | $52.88 | $56.22 |
| 2016 | 9 | 238,644 | 2.73% | $17,837,844 | $74.75 | $65.94 |
| 2017 | 4 | 59,653 | 0.68% | $3,550,920 | $59.53 | $56.38 |
| 2018 | 16 | 1,309,110 | 14.98% | $86,680,416 | $66.21 | $76.17 |
| 2019 | 7 | 231,877 | 2.65% | $15,809,808 | $68.18 | $64.74 |
| **Thereafter** | 20 | 1,140,335 | 13.05% | $55,705,668 | $48.85 | $66.65 |
| | **151** | **6,105,831** | **69.86%** | **$361,682,388** | **$59.24** | **$66.49** |
| (4) | 2 | 2,634,670 | 30.14% | $102,945,936 | | |
| | **153** | **8,740,501** | **100.00%** | **$464,628,324** | | |

(1) Includes month to month holdover tenants that expired prior to 3/31/10.

(2) Tenants may have multiple leases.

(3) Represents in place annualized rent allocated by year of maturity.

(4) Citigroup's net lease at 388-390 Greenwich Street which expires in 2020, current net rent is $39.07/psf with annual CPI escalation.

## ANNUAL LEASE EXPIRATIONS - Suburban Properties

SL GREEN REALTY CORP.

| | Consolidated Properties | | | | | | Joint Venture Properties | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year of Lease Expiration | Number of Expiring Leases (2) | Rentable Square Footage of Expiring Leases | Percentage of Total Leased Sq. Ft. | Annualized Rent of Expiring Leases | Annualized Rent Per Leased Square Foot of Expiring Leases $/psf (3) | Year 2010 Weighted Average Asking Rent $/psf | Number of Expiring Leases (2) | Rentable Square Footage of Expiring Leases | Percentage of Total Leased Sq. Ft. | Annualized Rent of Expiring Leases | Annualized Rent Per Leased Square Foot of Expiring Leases $/psf (3) | Year 2010 Weighted Average Asking Rent $/psf |
| In 1st Quarter 2010 (1) | 19 | 148,102 | 4.83% | $3,050,052 | $20.59 | $19.36 | 3 | 19,151 | 0.72% | $661,212 | $34.53 | $34.21 |
| In 2nd Quarter 2010 | 13 | 70,647 | 2.30% | $2,040,084 | $28.88 | $28.82 | 7 | 25,741 | 0.97% | $690,084 | $26.81 | $28.51 |
| In 3rd Quarter 2010 | 16 | 108,043 | 3.52% | $3,158,688 | $29.24 | $35.24 | 3 | 9,255 | 0.35% | $296,592 | $32.05 | $29.55 |
| In 4th Quarter 2010 | 16 | 151,317 | 4.93% | $4,527,396 | $29.92 | $30.45 | 5 | 22,757 | 0.85% | $941,988 | $41.39 | $31.62 |
| **Total 2010** | **64** | **478,109** | **15.58%** | **$12,776,220** | **$26.72** | **$27.86** | **18** | **76,904** | **2.89%** | **$2,589,876** | **$33.68** | **$30.97** |
| 1st Quarter 2011 | 17 | 138,664 | 4.52% | $4,327,464 | $31.21 | $35.80 | 4 | 18,342 | 0.69% | $496,560 | $27.07 | $26.31 |
| 2nd Quarter 2011 | 17 | 293,063 | 9.55% | $9,111,288 | $31.09 | $35.43 | 7 | 17,024 | 0.64% | $663,468 | $38.97 | $30.29 |
| 3rd Quarter 2011 | 16 | 74,303 | 2.42% | $2,524,200 | $33.97 | $34.16 | 5 | 26,863 | 1.01% | $936,492 | $34.86 | $30.31 |
| 4th Quarter 2011 | 10 | 17,233 | 0.56% | $486,552 | $28.23 | $31.15 | 5 | 41,283 | 1.55% | $1,232,640 | $29.86 | $29.59 |
| **Total 2011** | **60** | **523,263** | **17.05%** | **$16,449,504** | **$31.44** | **$35.21** | **21** | **103,512** | **3.88%** | **$3,329,160** | **$32.16** | **$29.31** |
| 2012 | 28 | 221,656 | 7.22% | $7,342,404 | $33.13 | $34.98 | 22 | 232,094 | 8.71% | $8,298,084 | $35.75 | $33.24 |
| 2013 | 37 | 423,835 | 13.81% | $14,407,392 | $33.99 | $32.27 | 20 | 90,252 | 3.39% | $2,807,268 | $31.10 | $36.57 |
| 2014 | 26 | 248,519 | 8.10% | $7,615,068 | $30.64 | $30.95 | 26 | 288,579 | 10.83% | $10,116,264 | $35.06 | $32.85 |
| 2015 | 22 | 257,171 | 8.38% | $8,174,335 | $31.79 | $32.15 | 12 | 97,238 | 3.65% | $3,044,016 | $31.30 | $33.93 |
| 2016 | 19 | 378,978 | 12.35% | $10,939,188 | $28.86 | $32.48 | 6 | 88,032 | 3.30% | $2,831,616 | $32.17 | $32.75 |
| 2017 | 6 | 54,265 | 1.77% | $1,695,876 | $31.25 | $31.78 | 6 | 59,173 | 2.22% | $2,236,992 | $37.80 | $33.34 |
| 2018 | 7 | 125,833 | 4.10% | $4,339,932 | $34.49 | $34.92 | 4 | 61,523 | 2.31% | $2,158,512 | $35.08 | $32.93 |
| 2019 | 8 | 202,916 | 6.61% | $6,106,308 | $30.09 | $30.96 | 6 | 38,432 | 1.44% | $1,361,208 | $35.42 | $34.62 |
| **Thereafter** | 11 | 154,471 | 5.03% | $4,214,820 | $27.29 | $33.73 | 11 | 1,528,872 | 57.38% | $55,212,852 | $36.11 | $36.91 |
| | **288** | **3,069,016** | **100.00%** | **$94,061,047** | **$30.65** | **$32.27** | **152** | **2,664,611** | **100.00%** | **$93,985,848** | **$35.27** | **$35.22** |

(1) Includes month to month holdover tenants that expired prior to 3/31/10.
(2) Tenants may have multiple leases.
(3) Represents in place annualized rent allocated by year of maturity.

## SUMMARY OF REAL ESTATE ACQUISITION ACTIVITY POST 1997 - Manhattan

SL GREEN REALTY CORP.

| | Property | Type of Ownership | Submarket | Net Rentable sf | % Leased at acquisition | % Leased 3/31/2010 | Acquisition Price ($'s) (1) |
|---|---|---|---|---|---|---|---|
| **1998 Acquisitions** | | | | | | | |
| Mar-98 | 420 Lexington Avenue | Operating Sublease | Grand Central | 1,188,000 | 83.0 | 93.8 | $78,000,000 |
| May-98 | 711 3rd Avenue | Operating Sublease | Grand Central | 524,000 | 79.0 | 89.1 | $65,600,000 |
| Jun-98 | 440 9th Avenue | Fee Interest | Penn Station | 339,000 | 76.0 | N/A | $32,000,000 |
| **1999 Acquisitions** | | | | | | | |
| Jan-99 | 420 Lexington Leasehold | Sub-leasehold | Grand Central | - | - | - | $27,300,000 |
| Jan-99 | 555 West 57th Street - 65% JV | Fee Interest | Midtown West | 941,000 | 100.0 | 96.4 | $66,700,000 |
| Aug-99 | 1250 Broadway - 50% JV | Fee Interest | Penn Station | 670,000 | 96.5 | N/A | $93,000,000 |
| Nov-99 | 555 West 57th Street - remaining 35% | Fee Interest | Midtown West | - | | 96.4 | $34,100,000 |
| **2000 Acquisitions** | | | | | | | |
| Feb-00 | 100 Park Avenue - 50% JV | Fee Interest | Grand Central | 834,000 | 96.5 | 83.7 | $192,000,000 |
| **2001 Acquisitions** | | | | | | | |
| Jun-01 | 317 Madison Avenue | Fee Interest | Grand Central | 450,000 | 95.0 | 86.6 | $105,600,000 |
| **Acquisition of JV Interest** | | | | | | | |
| Sep-01 | 1250 Broadway - 49.9% JV (2) | Fee Interest | Penn Station | 670,000 | 97.7 | N/A | $126,500,000 |
| **2002 Acquisitions** | | | | | | | |
| May-02 | 1515 Broadway - 55% JV | Fee Interest | Times Square | 1,750,000 | 98.0 | 97.9 | $483,500,000 |
| **2003 Acquisitions** | | | | | | | |
| Feb-03 | 220 East 42nd Street | Fee Interest | Grand Central | 1,135,000 | 91.9 | 98.5 | $265,000,000 |
| Mar-03 | 125 Broad Street | Fee Interest | Downtown | 525,000 | 100.0 | N/A | $92,000,000 |
| Oct-03 | 461 Fifth Avenue | Leasehold Interest | Midtown | 200,000 | 93.9 | 98.8 | $60,900,000 |
| Dec-03 | 1221 Avenue of the Americas - 45% JV | Fee Interest | Rockefeller Center | 2,550,000 | 98.8 | 90.7 | $1,000,000,000 |
| **2004 Acquisitions** | | | | | | | |
| Mar-04 | 19 West 44th Street - 35% JV | Fee Interest | Midtown | 292,000 | 86.0 | 98.2 | $67,000,000 |
| Jul-04 | 750 Third Avenue | Fee Interest | Grand Central | 779,000 | 100.0 | 95.2 | $255,000,000 |
| Jul-04 | 485 Lexington Avenue - 30% JV | Fee Interest | Grand Central | 921,000 | 100.0 | 93.9 | $225,000,000 |
| Oct-04 | 625 Madison Avenue | Leasehold Interest | Plaza District | 563,000 | 68.0 | 99.6 | $231,500,000 |
| **2005 Acquisitions** | | | | | | | |
| Feb-05 | 28 West 44th Street | Fee Interest | Midtown | 359,000 | 87.0 | 90.8 | $105,000,000 |
| Apr-05 | 1 Madison Avenue - 55% JV | Fee Interest | Park Avenue South | 1,177,000 | 96.0 | 99.8 | $803,000,000 |
| Apr-05 | 5 Madison Avenue Clock Tower | Fee Interest | Park Avenue South | 267,000 | N/A | N/A | $115,000,000 |
| Jun-05 | 19 West 44th Street - remaining 65% | Fee Interest | Midtown | - | | 98.2 | $91,200,000 |
| **2006 Acquisition** | | | | | | | |
| Mar-06 | 521 Fifth Avenue (3) | Leasehold Interest | Midtown | 460,000 | 97.0 | 85.3 | $210,000,000 |
| Jun-06 | 609 Fifth Avenue | Fee Interest | Midtown | 160,000 | 98.5 | 97.5 | $182,000,000 |
| Dec-06 | 485 Lexington Avenue - remaining 70% | Fee Interest | Grand Central | - | | 93.9 | $578,000,000 |
| Dec-06 | 800 Third Avenue - 42.95% JV | Fee Interest | Grand Central North | 526,000 | 96.9 | 72.6 | $285,000,000 |
| **2007 Acquisition** | | | | | | | |
| Jan-07 | Reckson - NYC Portfolio | Fee Interests / Leasehold Interest | Various | 5,612,000 | 98.3 | 97.0 | $3,679,530,000 |
| Apr-07 | 331 Madison Avenue | Fee Interest | Grand Central | 114,900 | 97.6 | 100.0 | $73,000,000 |
| Apr-07 | 1745 Broadway - 32.3% JV | Fee Interest | Midtown | 674,000 | 100.0 | 100.0 | $520,000,000 |
| Jun-07 | 333 West 34th Street | Fee Interest | Penn Station | 345,400 | 100.0 | 41.5 | $183,000,000 |
| Aug-07 | 1 Madison Avenue - remaining 45% | Fee Interest | Park Avenue South | 1,177,000 | 99.8 | 99.8 | $1,000,000,000 |
| Dec-07 | 388 & 390 Greenwich Street - 50.6% JV | Fee Interest | Downtown | 2,635,000 | 100.0 | 100.0 | $1,575,000,000 |
| | | | | **10,558,300** | | | **$7,030,530,000** |
| **2010 Acquisition** | | | | | | | |
| Jan-10 | 100 Church Street | Fee Interest | Downtown | 1,047,500 | 41.3 | 43.4 | $181,600,000 |

(1) Acquisition price represents purchase price for consolidated acquisitions and purchase price or imputed value for joint venture properties.
(2) Current ownership interest is 55%. (From 9/1/01-10/31/01 the Company owned 99.8% of this property.)
(3) Current ownership interest is 50.1%. (From 3/17/06 - 12/14/06 the Company owned 100% of the Leasehold Interest of this property.)

## SUMMARY OF REAL ESTATE ACQUISITION ACTIVITY POST 1997 - Suburban

| | Property | Type of Ownership | Submarket | Net Rentable sf | % Leased at acquisition | % Leased 3/31/2010 | Acquisition Price ($'s) (1) |
|---|---|---|---|---|---|---|---|
| **2007 Acquisition** | | | | | | | |
| Jan-07 | 300 Main Street | Fee Interest | Stamford, Connecticut | 130,000 | 92.5 | 92.2 | $15,000,000 |
| Jan-07 | 399 Knollwood Road | Fee Interest | White Plains, Westchester | 145,000 | 96.6 | N/A | $31,600,000 |
| Jan-07 | Reckson - Connecticut Portfolio | Fee Interests / Leasehold Interest | Stamford, Connecticut | 1,369,800 | 88.9 | 86.3 | $490,750,000 |
| Jan-07 | Reckson - Westchester Portfolio | Fee Interests / Leasehold Interest | Westchester | 2,346,100 | 90.6 | 83.2 | $570,190,000 |
| Apr-07 | Jericho Plazas - 20.26% JV | Fee Interest | Jericho, New York | 640,000 | 98.4 | 95.1 | $210,000,000 |
| Jun-07 | 1010 Washington Boulevard | Fee Interest | Stamford, Connecticut | 143,400 | 95.6 | 54.3 | $38,000,000 |
| Jun-07 | 500 West Putnam Avenue | Fee Interest | Greenwich, Connecticut | 121,500 | 94.4 | 83.2 | $56,000,000 |
| Jul-07 | 16 Court Street - 35% JV | Fee Interest | Brooklyn, New York | 317,600 | 80.6 | 84.0 | $107,500,000 |
| Aug-07 | 150 Grand Street | Fee Interest | White Plains, Westchester | 85,000 | 52.9 | 10.4 | $6,700,000 |
| Sep-07 | The Meadows - 25% JV | Fee Interest | Rutherford, New Jersey | 582,100 | 81.3 | 84.7 | $111,500,000 |
| | | | | **5,880,500** | | | **$1,637,240,000** |

## SUMMARY OF REAL ESTATE SALES ACTIVITY POST 1997 - Suburban

| | Property | Type of Ownership | Submarket | Net Rentable sf | Sales Price ($'s) | Sales Price ($'s/SF) |
|---|---|---|---|---|---|---|
| **2008 Sales** | | | | | | |
| Oct-08 | 100 & 120 White Plains Road | Fee Interest | Tarrytown, Westchester | 311,000 | $48,000,000 | $154 |
| **2009 Sales** | | | | | | |
| Aug-09 | 399 Knollwood Road | Fee Interest | White Plains, Westchester | 145,000 | $20,767,307 | $143 |

## SUMMARY OF REAL ESTATE ACQUISITION ACTIVITY POST 1997 - Retail, Development & Land

| | Property | Type of Ownership | Submarket | Net Rentable sf | % Leased at acquisition | % Leased 3/31/2010 | Acquisition Price ($'s) (1) |
|---|---|---|---|---|---|---|---|
| **2005 Acquisition** | | | | | | | |
| Jul-05 | 1551-1555 Broadway - 10% JV | Fee Interest | Times Square | 25,600 | N/A | 100.0 | $85,000,000 |
| Jul-05 | 21 West 34th Street - 50% JV | Fee Interest | Herald Square | 30,100 | N/A | 100.0 | $17,500,000 |
| Sep-05 | 141 Fifth Avenue - 50% JV | Fee Interest | Flatiron | 21,500 | 90.0 | 77.6 | $13,250,000 |
| Nov-05 | 1604 Broadway - 63% JV | Leasehold Interest | Times Square | 29,876 | 17.2 | 23.7 | $4,400,000 |
| Dec-05 | 379 West Broadway - 45% JV | Leasehold Interest | Cast Iron/Soho | 62,006 | 100.0 | 100.0 | $19,750,000 |
| | | | | **169,082** | | | **$139,900,000** |
| **2006 Acquisition** | | | | | | | |
| Jan-06 | 25-29 West 34th Street - 50% JV | Fee Interest | Herald Square/Penn Station | 41,000 | 55.8 | 100.0 | $30,000,000 |
| Sep-06 | 717 Fifth Avenue - 32.75% JV | Fee Interest | Midtown/Plaza District | 119,550 | 63.1 | 75.8 | $251,900,000 |
| | | | | **160,550** | | | **$281,900,000** |
| **2007 Acquisition** | | | | | | | |
| Aug-07 | 180 Broadway - 50% JV | Fee Interest | Cast Iron / Soho | 24,300 | 85.2 | 49.0 | $13,600,000 |
| Apr-07 | Two Herald Square - 55% JV | Fee Interest | Herald Square | N/A | N/A | N/A | $225,000,000 |
| Jul-07 | 885 Third Avenue - 55% JV | Fee Interest | Midtown / Plaza District | N/A | N/A | N/A | $317,000,000 |
| | | | | **24,300** | | | **$555,600,000** |
| **2008 Acquisition** | | | | | | | |
| Feb-08 | 182 Broadway - 50% JV | Fee Interest | Cast Iron / Soho | 46,280 | 83.8 | 49.0 | $30,000,000 |
| | | | | **46,280** | | | **$30,000,000** |

(1) Acquisition price represents purchase price for consolidated acquisitions and purchase price or imputed value for joint venture properties.

## SUMMARY OF REAL ESTATE SALES ACTIVITY POST 1999 - Manhattan

SL GREEN REALTY CORP.

| | Property | Type of Ownership | Submarket | Net Rentable sf | Sales Price ($'s) | Sales Price ($'s/SF) |
|---|---|---|---|---|---|---|
| **2000 Sales** | | | | | | |
| Feb-00 | 29 West 35th Street | Fee Interest | Penn Station | 78,000 | $11,700,000 | $150 |
| Mar-00 | 36 West 44th Street | Fee Interest | Grand Central | 178,000 | $31,500,000 | $177 |
| May-00 | 321 West 44th Street - 35% JV | Fee Interest | Times Square | 203,000 | $28,400,000 | $140 |
| Nov-00 | 90 Broad Street | Fee Interest | Financial | 339,000 | $60,000,000 | $177 |
| Dec-00 | 17 Battery South | Fee Interest | Financial | 392,000 | $53,000,000 | $135 |
| | | | | **1,190,000** | **$184,600,000** | **$156** |
| **2001 Sales** | | | | | | |
| Jan-01 | 633 Third Ave | Fee Interest | Grand Central North | 40,623 | $13,250,000 | $326 |
| May-01 | 1 Park Ave - 45% JV | Fee Interest | Grand Central South | 913,000 | $233,900,000 | $256 |
| Jun-01 | 1412 Broadway | Fee Interest | Times Square South | 389,000 | $90,700,000 | $233 |
| Jul-01 | 110 E. 42nd Street | Fee Interest | Grand Central | 69,700 | $14,500,000 | $208 |
| Sep-01 | 1250 Broadway (1) | Fee Interest | Penn Station | 670,000 | $126,500,000 | $189 |
| | | | | **2,082,323** | **$478,850,000** | **$242** |
| **2002 Sales** | | | | | | |
| Jun-02 | 469 Seventh Avenue | Fee Interest | Penn Station | 253,000 | $53,100,000 | $210 |
| | | | | **253,000** | **$53,100,000** | **$210** |
| **2003 Sales** | | | | | | |
| Mar-03 | 50 West 23rd Street | Fee Interest | Chelsea | 333,000 | $66,000,000 | $198 |
| Jul-03 | 1370 Broadway | Fee Interest | Times Square South | 255,000 | $58,500,000 | $229 |
| Dec-03 | 321 W 44th Street | Fee Interest | Times Square | 203,000 | $35,000,000 | $172 |
| | | | | **791,000** | **$159,500,000** | **$202** |
| **2004 Sales** | | | | | | |
| May-04 | 1 Park Avenue (2) | Fee Interest | Grand Central South | 913,000 | $318,500,000 | $349 |
| Oct-04 | 17 Battery Place North | Fee Interest | Financial | 419,000 | $70,000,000 | $167 |
| Nov-04 | 1466 Broadway | Fee Interest | Times Square | 289,000 | $160,000,000 | $554 |
| | | | | **1,621,000** | **$548,500,000** | **$338** |
| **2005 Sales** | | | | | | |
| Apr-05 | 1414 Avenue of the Americas | Fee Interest | Plaza District | 111,000 | $60,500,000 | $545 |
| Aug-05 | 180 Madison Avenue | Fee Interest | Grand Central | 265,000 | $92,700,000 | $350 |
| | | | | **376,000** | **153,200,000** | **$407** |
| **2006 Sales** | | | | | | |
| Jul-06 | 286 & 290 Madison Avenue | Fee Interest | Grand Central | 149,000 | $63,000,000 | $423 |
| Aug-06 | 1140 Avenue of the Americas | Leasehold Interest | Rockefeller Center | 191,000 | $97,500,000 | $510 |
| Dec-06 | 521 Fifth Avenue (3) | Leasehold Interest | Midtown | 460,000 | $240,000,000 | $522 |
| | | | | **800,000** | **400,500,000** | **$501** |
| **2007 Sales** | | | | | | |
| Mar-07 | 1 Park Avenue | Fee Interest | Grand Central South | 913,000 | $550,000,000 | $602 |
| Mar-07 | 70 West 36th Street | Fee Interest | Garment | 151,000 | $61,500,000 | $407 |
| Jun-07 | 110 East 42nd Street | Fee Interest | Grand Central North | 181,000 | $111,500,000 | $616 |
| Jun-07 | 125 Broad Street | Fee Interest | Downtown | 525,000 | $273,000,000 | $520 |
| Jun-07 | 5 Madison Clock Tower | Fee Interest | Park Avenue South | 267,000 | $200,000,000 | $749 |
| Jul-07 | 292 Madison Avenue | Fee Interest | Grand Central South | 187,000 | $140,000,000 | $749 |
| Jul-07 | 1372 Broadway (4) | Fee Interest | Penn Station/Garment | 508,000 | $335,000,000 | $659 |
| Nov-07 | 470 Park Avenue South | Fee Interest | Park Avenue South/Flatiron | 260,000 | $157,000,000 | $604 |
| | | | | **2,992,000** | **$1,828,000,000** | **$611** |
| **2008 Sales** | | | | | | |
| Jan-08 | 440 Ninth Avenue | Fee Interest | Penn Station | 339,000 | $160,000,000 | $472 |
| May-08 | 1250 Broadway | Fee Interest | Penn Station | 670,000 | $310,000,000 | $463 |
| Oct-08 | 1372 Broadway (5) | Fee Interest | Penn Station/Garment | 508,000 | $274,000,000 | $539 |
| | | | | **1,517,000** | **$744,000,000** | **$490** |

(1) Company sold a 45% JV interest in the property at an implied $126.5mm sales price.
(2) Company sold a 75% JV interest in the property at an implied $318.5mm sales price.
(3) Company sold a 50% JV interest in the property at an implied $240.0mm sales price
(4) Company sold a 85% JV interest in the property at an implied $335.0mm sales price.
(5) Company sold a 15% JV interest in the property at an implied $274.0mm sales price.

# SUPPLEMENTAL DEFINITIONS

**Adjusted EBITDA** is calculated by adding income taxes, loan loss reserves and our share of joint venture depreciation and amortization to EBITDA.

**Annualized rent** is calculated as monthly base rent and escalations per the lease, as of a certain date, multiplied by 12.

**Debt service coverage** is adjusted EBITDA divided by total interest and principal payments.

**Equity income / (loss) from affiliates** are generally accounted for on a cost basis and realized gains and losses are included in current earnings. For investments in private companies, the Company periodically reviews its investments and management determines if the value of such investments have been permanently impaired. Permanent impairment losses for investments in public and private companies are included in current earnings.

**Fixed charge** is the total payments for interest, principal amortization, ground leases and preferred stock dividend.

**Fixed charge coverage** is adjusted EBITDA divided by fixed charge.

**Funds available for distribution (FAD)** is defined as FFO plus non-real estate depreciation, 2% allowance for straight line credit loss, adjustment for straight line ground rent, non-cash deferred compensation, a pro-rata adjustment for FAD for SLG's unconsolidated JV, less straight line rental income, free rent net of amortization, second cycle tenant improvement and leasing cost, and recurring building improvements.

**Funds from operations (FFO)** is defined under the White Paper approved by the Board of Governors of NAREIT in April 2002 as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures.

**Interest coverage** is adjusted EBITDA divided by total interest expense.

**Junior Mortgage Participations** are subordinate interests in first mortgages.

**Mezzanine Debt Loans** are loans secured by ownership interests.

**Percentage leased** represents the percentage of leased square feet, including month-to-month leases, to total rentable square feet owned, as of the date reported. Space is considered leased when the tenant has either taken physical or economic occupancy.
**Preferred Equity Investments** are equity investments entitled to preferential returns that are senior to common equity.

**Recurring capital expenditures** represents non-incremental building improvements and leasing costs required to maintain current revenues. Recurring capital expenditures do not include immediate building improvements that were taken into consideration when underwriting the purchase of a building or which are incurred to bring a building up to "operating standard."

**Redevelopment costs** are non-recurring capital expenditures incurred in order to improve buildings to SLG's "operating standards." These building costs are taken into consideration during the underwriting for a given property's acquisition.

**Same-store NOI growth** is the change in the NOI (excluding straight-line rents) of the same-store properties from the prior year reporting period to the current year reporting period.

**Same-store properties** include all properties that were owned during both the current and prior year reporting periods and excludes development properties prior to being stabilized for both the current and prior reporting period.

**Second generation TIs and LCs** are tenant improvements, lease commissions, and other leasing costs incurred during leasing of second generation space. Costs incurred prior to leasing available square feet are not included until such space is leased. Second generation space excludes square footage vacant at acquisition.

**SLG's share of total debt to market capitalization** is calculated as SLG's share of total debt divided by the sum of total debt plus market equity and preferred stock at liquidation value. SLG's share of total debt includes total consolidated debt plus SLG's pro rata share of the debt of unconsolidated joint ventures less JV partners' share of debt. Market equity assumes conversion of all OP units into common stock.

**Total square feet owned** represents 100% of the square footage of properties either owned directly by SLG or in which SLG has an interest (e.g. joint ventures).

## CORPORATE GOVERNANCE

**Stephen L. Green**
Chairman of the Board
**Marc Holliday**
Chief Executive Officer
**Gregory F. Hughes**
Chief Operating Officer and Chief Financial Officer
**Andrew Mathias**
President and Chief Investment Officer
**Andrew S. Levine**
Chief Legal Officer

## ANALYST COVERAGE

| Firm | Analyst | Phone | Email |
|---|---|---|---|
| Bank of America - Merrill Lynch | James C. Feldman | (212) 449-6339 | james_feldman@ml.com |
| Barclays Capital | Ross Smotrich | (212) 526-2306 | Ross.smotrich@barcap.com |
| Citigroup Smith Barney, Inc. | Michael Bilerman | (212) 816-1383 | michael.bilerman@citigroup.com |
| Credit-Suisse | Andrew Rosivach | (415) 249-7942 | andrew.rosivach@credit-suisse.com |
| Deutsche Bank | John Perry | (212) 250-4912 | john.perry@db.com |
| Goldman Sachs & Co. | Jonathan Habermann | (917) 343-4260 | jonathan.habermann@gs.com |
| Green Street Advisors | Michael Knott | (949) 640-8780 | mknott@greenstreetadvisors.com |
| ISI Group | Steve Sakwa | (212) 446-9462 | ssakwa@isigrp.com |
| JP Morgan Securities, Inc. | Anthony Paolone | (212) 622-6682 | anthony.paolone@jpmorgan.com |
| KeyBanc Capital Markets | Jordan Sadler | (917) 368-2280 | jsadler@keybanccm.com |
| Macquarie Research Equities (USA) | Robert Stevenson | (212) 857-6168 | robert.stevenson@macquarie.com |
| Morgan Stanley | Chris Caton | (415) 576-2637 | chris.caton@morganstanley.com |
| Raymond James Financial, Inc. | Paul D. Puryear | (727) 567-2253 | paul.puryear@raymondjames.com |
| RBC Capital Markets | David B. Rodgers | (440) 715-2647 | dave.rodgers@rbccm.com |
| Stifel Nicolaus | John Guinee | (443) 224-1307 | jwguinee@stifel.com |
| UBS Securities LLC | Ross T. Nussbaum | (212) 713-2484 | ross.nussbaum@ubs.com |
| Wells Fargo Securities, LLC | Brendan Maiorana | (443) 263-6516 | brendan.maiorana@wachovia.com |

*SL Green Realty Corp. is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding SL Green Realty Corp.'s performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of SL Green Realty Corp. or its management. SL Green Realty Corp. does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.*

# Markets Move / Strength Endures SL Green Realty Corp. 2009 Annual Report

SL Green Realty Corp. is a self-administered and self-managed real estate investment trust, or REIT, that predominantly acquires, owns, repositions and manages Manhattan office properties. The Company is the only publicly held REIT that specializes in this niche. As of December 31, 2009, the Company owned interests in 29 New York City office properties totaling approximately 23,211,200 square feet, making it New York's largest office landlord. In addition, at December 31, 2009, SL Green held investment interests in, among other things, eight retail properties encompassing approximately 374,812 square feet, three development properties encompassing approximately 399,800 square feet and two land interests, along with ownership interests in 31 suburban assets totaling 6,804,700 square feet in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey.

Pictured on front cover: 625 Madison Avenue.
Pictured on back cover: 100 Park Avenue.

# Markets Move / Strength Endures

Despite market turbulence, the strength of SL Green endures. The collective strength of our experienced leadership, premier assets, efficient operating structure and flexible financial position underlies a resilient, stable platform that allows us to effectively maneuver and prosper throughout all cycles.

What a difference a year can make… At the end of 2008, the commercial real estate markets were reeling from a year-long crisis. This was precipitated by a market-wide breakdown in the credit and derivatives markets. It became nearly impossible to buy and sell assets. In addition, the global economic downturn had caused many office job losses and a corresponding reduction in space demand. Office property values and rents both dropped sharply.

The suddenness of these events drove highly leveraged private equity investments into severe distress. Many of their sponsors were forced out of active participation in the marketplace indefinitely, and some did not survive.

Fortunately, the picture wasn't quite so grim for most real estate investment trusts (REITs), as they tended to be less leveraged and more liquid at both the property and corporate levels, but, regardless, the sudden market turmoil prompted investors to flee from REIT stocks.

REITs with substantial New York City exposure, like SL Green, were hit especially hard. The financial services industry had shed tens of thousands of jobs and pundits predicted continuing misery. So, despite reporting record earnings for 2008 and exceeding virtually all of its operating objectives, SL Green saw its share price plummet.

In retrospect, we can now see that Wall Street overreacted. Commercial real estate markets clearly had been overheated and the bursting of the financial bubble that had formed was inevitable. However, the underlying strength of most office REITs, along with the long-term nature of their income streams and their unique ability to raise capital in both the equity and debt markets, eventually cushioned the blow and enabled them to survive and make the right adjustments to their balance sheets. And while New York City's job losses proved to be painful, there were far fewer such losses than predicted.

Moving into 2009, there certainly was no broad economic recovery. Real estate market liquidity remained a problem, and both high-leverage borrowers and their lenders continued to struggle. But, the dust did begin to settle and commercial real estate did begin to stabilize by midyear. The stage was set for value recovery on behalf of REIT shareholders and, once again, SL Green led the way – having forged and executed a set of strategies that propelled it back to the head of the class among U.S. office REITs.

## Strong Leasing Activity

Among our many 2009 accomplishments was the successful implementation of our "Nobody Gets Out" plan – a lighthearted name for a serious, intensive program to retain virtually every tenant in our portfolio.

One of SL Green's great strengths is its ability to find a way to meet a tenant's evolving needs – whether that way is through space expansion, space reduction, movement to another property in the portfolio or dealing with other special situations requiring modifications of lease terms. At the beginning of 2009, we had already begun to challenge our teams to aggressively engage tenants well in advance of their contractual lease expirations and find ways to ensure that they would stay with us. This program resulted in a retention rate of nearly 80 percent[1] among those tenants making leasing decisions in 2009.

Our financial strength helps us greatly in this area. We are often able to trump our peers when competing for tenants because of our ability to fund capital commitments that can make a difference in a tenant's decision. At a different level, tenants tend to gravitate toward strong landlords anyway, in order to avoid the uncertainties that can pop up when a property or its owner is in financial distress.

Overall, we completed 1.5 million square feet of office leasing transactions during the year – well in excess of our 768,000 square feet of 2009 contractual lease expirations. We ended the year at 95.0 percent occupancy in our New York City portfolio – down slightly from the end of 2008, but still far ahead of the market and many of our major direct competitors. Likewise, our suburban portfolio outperformed the markets where our properties are located, with portfolio occupancy standing at 88.7 percent at year-end.

Even though we were extremely aggressive in a still-soft market, we achieved rent increases across the portfolio. New and renewal office leases signed in 2009 averaged $44.08 per square foot, up 14.9 percent over expiring leases.

## Success in Accessing Capital

Our ability to strengthen our balance sheet in 2009 and position SL Green for future opportunities stemmed directly from our success in raising capital:

- At a time when credit availability was virtually nonexistent for most large borrowers, we were able to raise nearly $1 billion by refinancing several properties in the portfolio, including 1515 Broadway, 420 Lexington Avenue, 100 Park Avenue, 625 Madison Avenue and 1551 Broadway. We accomplished this despite the CMBS market shutdown and without utilizing government-sponsored TALF financing. SL Green's market position, financial strength and track record prompted smart lenders to step up.
- We realized gross proceeds of over $400 million from our May common stock offering.
- Despite the lack of market liquidity, we found buyers for two non-core suburban properties, at attractive prices totaling nearly $260 million. We also realized nearly $60 million in gross proceeds from the selective sales of structured finance investments.
- And we maximized retained cash flow by reducing our dividend while still meeting statutory requirements.

## Non-Core Programs Add Substantial Value

Our retail investment program also saw several successes. We finished the ground-up development of 1551 Broadway – turning the former Howard Johnson site into American Eagle Outfitters' flagship store. On 34th Street, we completed and opened the glass-box retail buildings that now host upscale Geox and Aldo stores. At 141 Fifth Avenue, we upgraded by buying out a previous tenant and landing Cole Haan, at a 250 percent rent increase. And, perhaps our most visible retail leasing success was worked on in 2009 and completed right after the end of the year, when we combined the former MTV Studio with recaptured ground-floor corner retail

[1] Exclusive of 333 West 34th Street planned vacancy and inclusive of agreements for expiring space immediately leased.

Stephen Green,
Chairman of the Board &
Marc Holliday,
Chief Executive Officer

space at Times Square's 1515 Broadway and leased it to Aeropostale for a high-profile, flagship store to open late in 2010/early 2011.

Another value-add business that in 2009 became increasingly profitable for SL Green was Green Loan Services (GLS), our special servicing arm. We developed in-house special servicing capabilities several years ago to handle the needs of both SL Green as a structured finance lender and our then-affiliate, Gramercy Capital Corporation. Subsequently, we decided to expand and take on third-party businesses. In early 2009, GLS managed on behalf of lenders what was probably the year's highest-profile foreclosure of the debt backed by Boston's John Hancock Tower. The Hancock foreclosure sale confirmed GLS as a nationally recognized expert servicer for savvy clients seeking a hands-on approach to restructurings and exercise of remedies. The unit has taken on several subsequent third-party assignments.

## Investor Interest on the Rise

Our success in raising capital, as discussed, followed by our repurchase of liabilities at a discount, enabled us to delever by approximately $1.3 billion. We also set the stage for further deleveraging in 2010.

In addition, we reduced certain overhead costs and capital expenditures, although not in ways that would hinder us in pursuing business opportunities. Nor did it hurt our quality of service – as evidenced by the high satisfaction ratings we received once again from tenants surveyed by Kingsley Associates.

We also managed our structured finance portfolio closely – while reducing the size of it. We restructured certain loans to strengthen our position, and moved to take over ownership of a high-potential property at 100 Church Street that had underperformed under previous ownership.

It was these and other moves during the course of the year that helped investors become increasingly comfortable again with SL Green's ability to outperform the competition in the New York commercial real estate market and to enhance that success through its value-add initiatives. As a result, SL Green's share price recovered substantially in 2009 and shareholders enjoyed a 101.6 percent total return for the year, despite the fact that the company's dividend was reduced to conserve cash in the near term. The Company's long-term goal is to restore the dividend to an appropriate sustainable level as market conditions warrant.

## Aqueduct

Our one major disappointment in 2009 was the failure of our good-faith efforts to win the right to redevelop the Aqueduct Race Track site and establish a gaming operation there.

We believe that the current Aqueduct property and the surrounding area represent one of New York City's best sites, which could be redeveloped quickly and fairly easily for the good of the immediate neighborhood. In 2009 we worked hard with our partner, Hard Rock Entertainment, a world-class casino operator, and others to develop the best plan that could serve the community's interests while maximizing revenues for the state. If New York State leaders had made their decision when expected, and if they had chosen our proposal on the merits, Aqueduct's gaming operation would already be producing substantial revenues, local business opportunities and jobs.

As this Annual Report goes to press, the selection process is back in a state of uncertainty. We don't know what will happen next, but we remain hopeful that matters can be resolved and that this project will become a reality, with the community's and the taxpayers' needs being met. We stand ready to take on the project if we are selected to do so.

## On the Horizon

At the close of 2009, we expressed confidence that New York City would bounce back and lead the nation's commercial real estate sector out of recession and back to good health. And already we are seeing promising signs of that happening, with improving fundamentals across the board.

In Midtown Manhattan, vacancy appears to have peaked at about 13 percent, and should begin dropping again as sublet space is absorbed. This trend will be accelerated by the overall business climate improvement, job creation, and growing demand for Class A office space with very little new supply being delivered over the next five years. Net effective rents, which have stabilized and are already beginning to improve, should begin to climb again.

Clearly, those investors who wrote off New York City in 2008 and 2009 – and consequently reduced their participation in the commercial real estate sector – failed to take into account the City's legendary resilience. New York City remains a global leader in financial services, publishing, entertainment, communications and other major industries. That's not going to change any time soon. The world's businesses and investors recognize it and continue to bring their dollars and operations to work here.

We have positioned SL Green to succeed in good times and bad by utilizing our superior market knowledge, our dominant Midtown Manhattan presence, the industry's finest professional staff, our financial strength and our never-blinking focus. The reality is that this company has weathered the downturn in good shape and in many ways has emerged stronger. So, while it's true that markets do fluctuate, it's also true that strength endures.

In closing, thank you for your investment and your confidence in SL Green and its management team. Now, more than ever. We will continue to work hard on your behalf to deliver the kind of results you expect from us.

Marc Holliday
Chief Executive Officer
Executive Comittee

Executive Management
Clockwise from top left

Marc Holliday
Chief Executive Officer

Andrew W. Mathias
President and
Chief Investment Officer

Gregory F. Hughes
Chief Financial Officer and
Chief Operating Officer

Andrew S. Levine
Chief Legal Officer

Neil H. Kessner
Executive Vice President,
General Counsel –
Real Property

Edward V. Piccinich
Executive Vice President,
Property Management and
Construction

Steven M. Durels
Executive Vice President,
Director of Leasing and
Real Property




Senior Management
Clockwise from top left

David M. Schonbraun
Managing Director

Isaac Zion
Managing Director

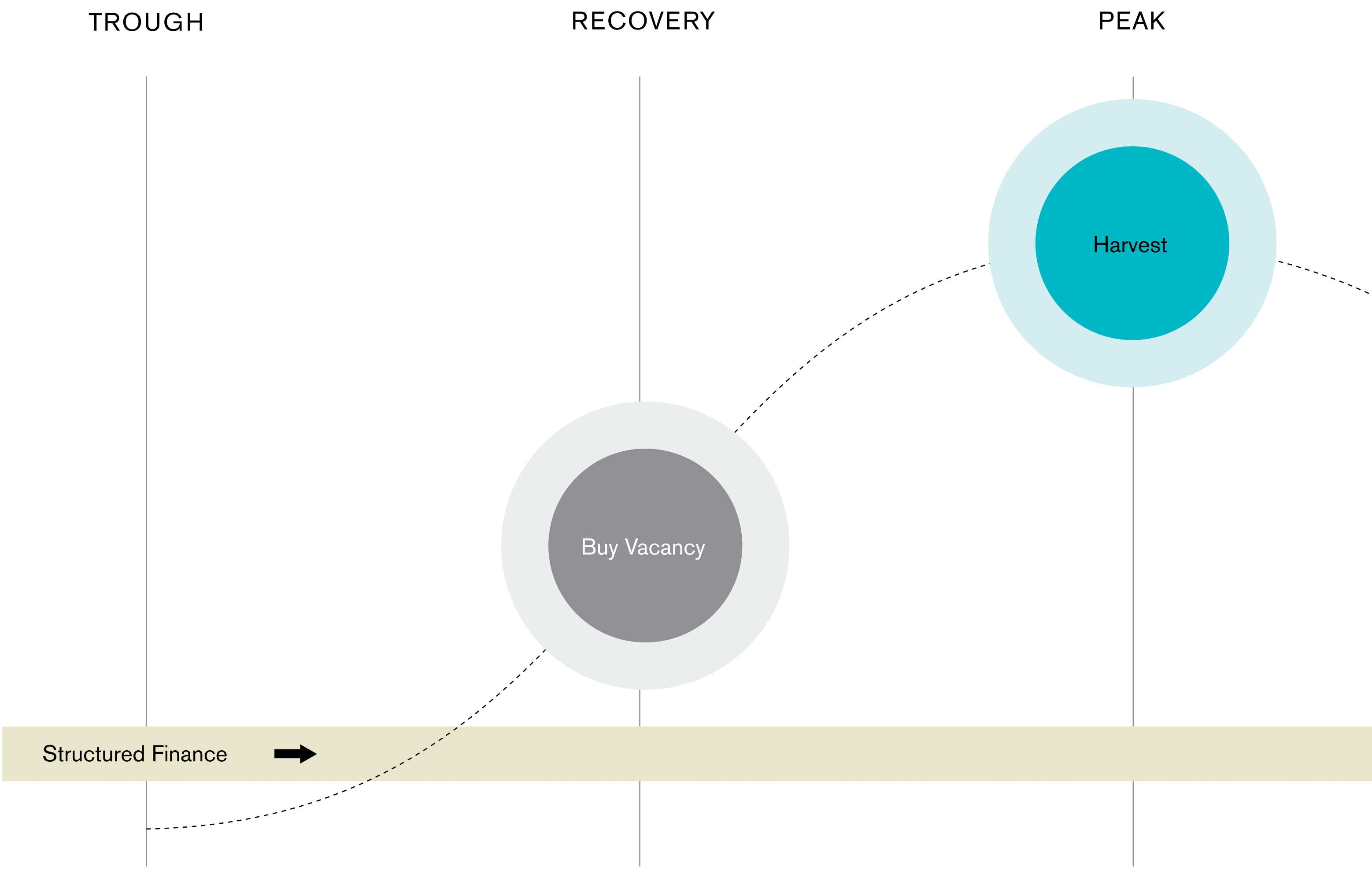
Matthew J. DiLiberto
Chief Accounting Officer

## A Long-Term Perspective

Combining strong vision with a firm grasp of fundamentals and solid financial footing is key to a long-term, successful strategy in real estate. The ability to remain disciplined and execute that strategy, despite the many ups and downs of the business cycle, is what makes a great real estate company. No company illustrates this better than SL Green.

## ALLOCATING CAPITAL THROUGHOUT THE BUSINESS CYCLE

A keen sense of the market and a honed ability to maneuver seamlessly between cyclical phases allow SL Green to effectively invest and operate throughout the entire business cycle. Tactical shifts in its capital allocation plan at specific times in the market contribute substantially to the long-term success and stability of the Company. Throughout the last business cycle, from 2001 to the present, SL Green meticulously employed its well-tailored strategy and is now ideally positioned to take advantage of the widely- anticipated market recovery.




2001

### Opportunistic Activity

A $53.5M preferred equity investment was made in The News Building. Shortly thereafter in a privately negotiated transaction we acquired the 1.1 million square foot landmark building.

2004

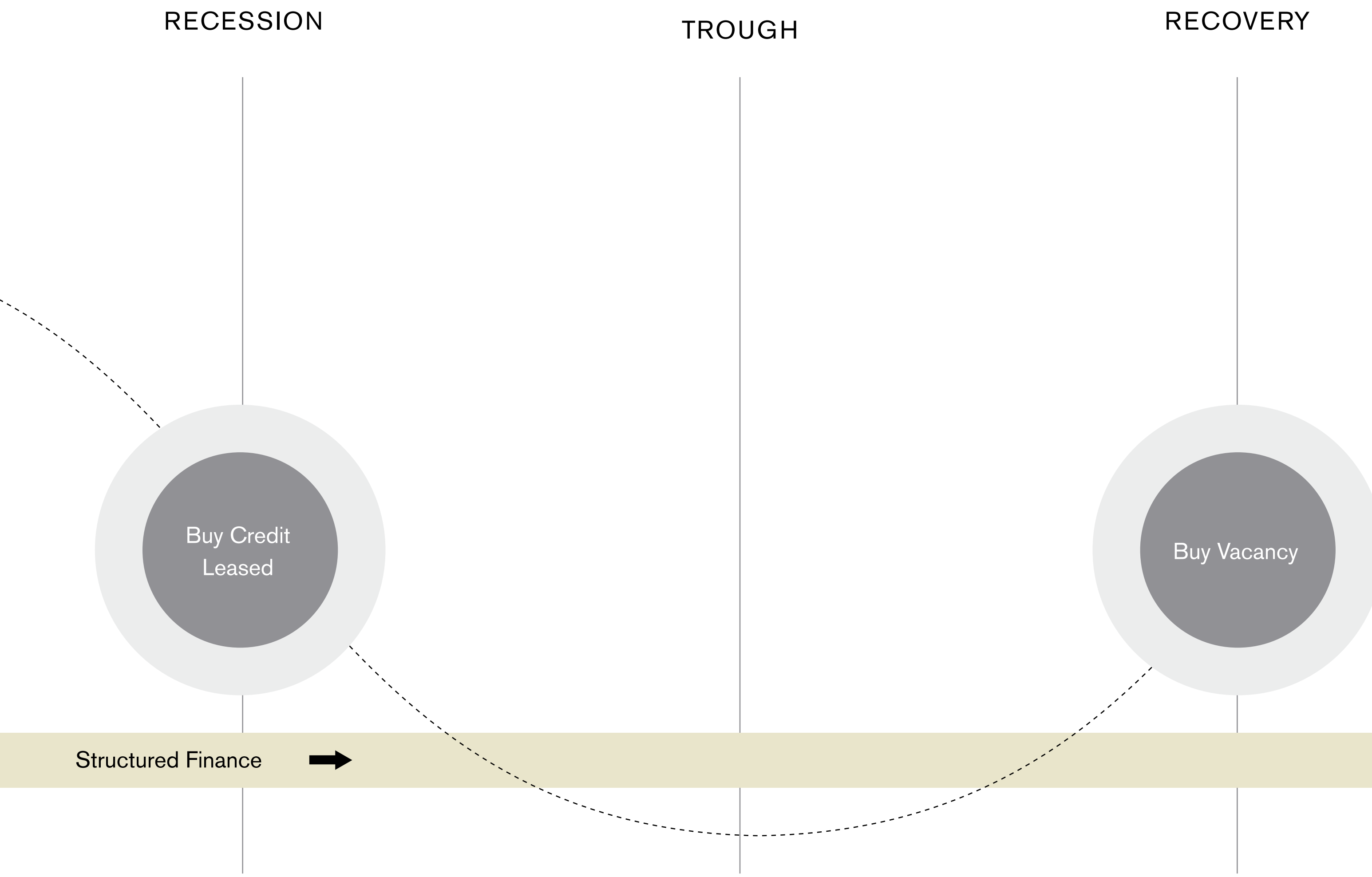
### Acquired TIAA Complex

485 Lexington Ave. and 750 Third Ave. were acquired knowing that lease expirations would soon leave the assets 100% and 75% vacant, respectively. SL Green seized the opportunity to upgrade the combined property and apply its superior leasing know-how. By 2006 both assets were nearly full and generating substantial rental income.

2006–2009

### Sold ~$3Billion in Assets

Throughout the market crest, matured, non-core Class B-assets were sold at peak cap-rates. Proceeds were deployed into defensive Class A-assets featuring improved tenant quality and cash flows.




2007

### Acquired 388 Greenwich

A 13-Year triple-net lease, featuring annual rent increases, to the global financial services giant Citigroup at its Tribeca complex has proven to be a solid, long-term investment.

2009–2010

### Opportunistic Activity

The foreclosure of the senior mezzanine loan secured by 100 Church Street yielded SL Green ownership of the property. With a low cost basis, substantial reserves and a targeted repositioning campaign, the asset's potential is promising. SL Green also purchased the mortgage and mezzanine loan secured by 510 Madison Avenue.

### Future Strategy

SL Green is well positioned to take advantage of the next cycle – already beginning to show signs of its arrival. We will strive to outperform and deliver shareholder value by employing our strategic vision and effectively utilizing our solid capital base and strong operational infrastructure.

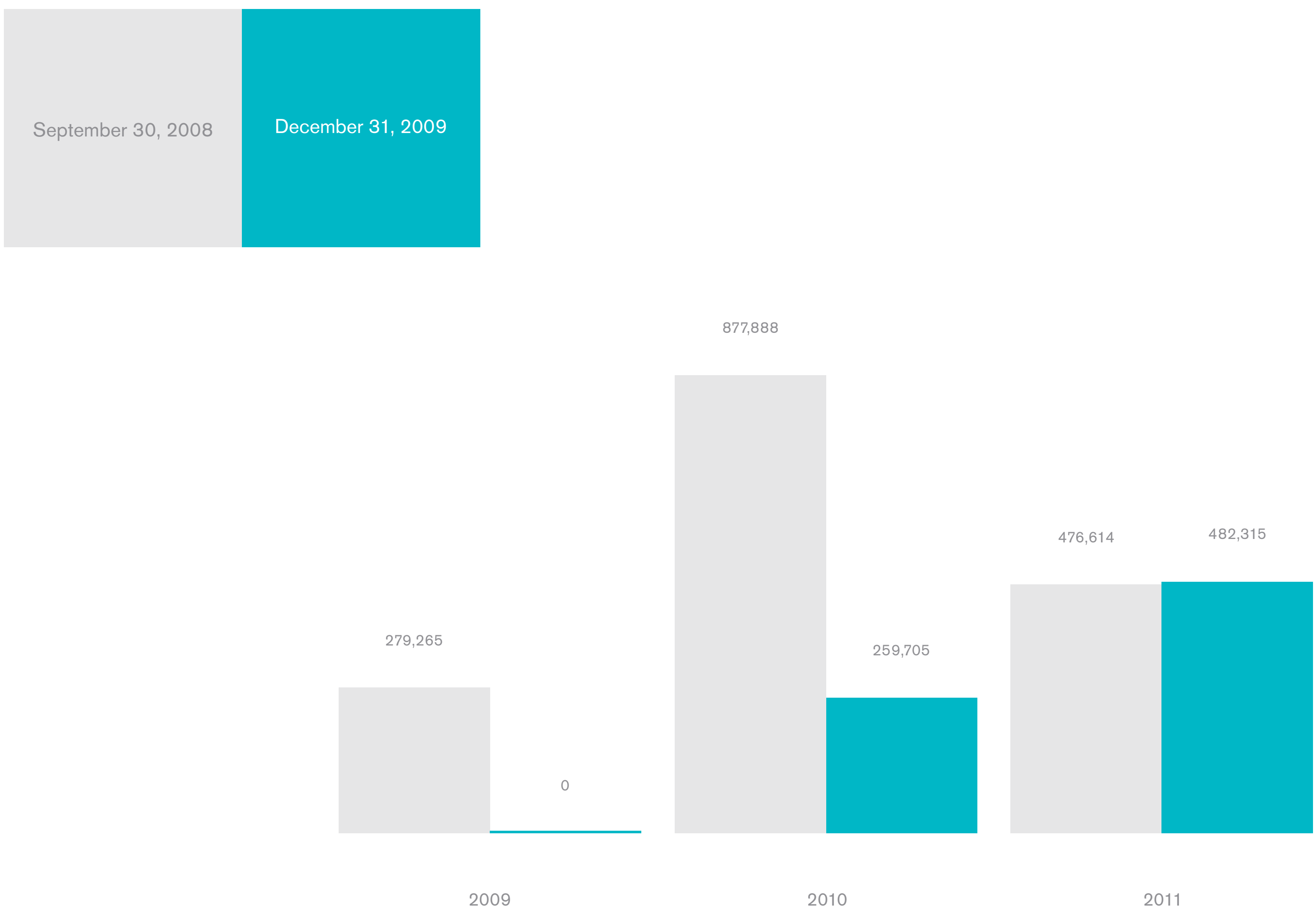
## DELEVERAGING THE BALANCE SHEET

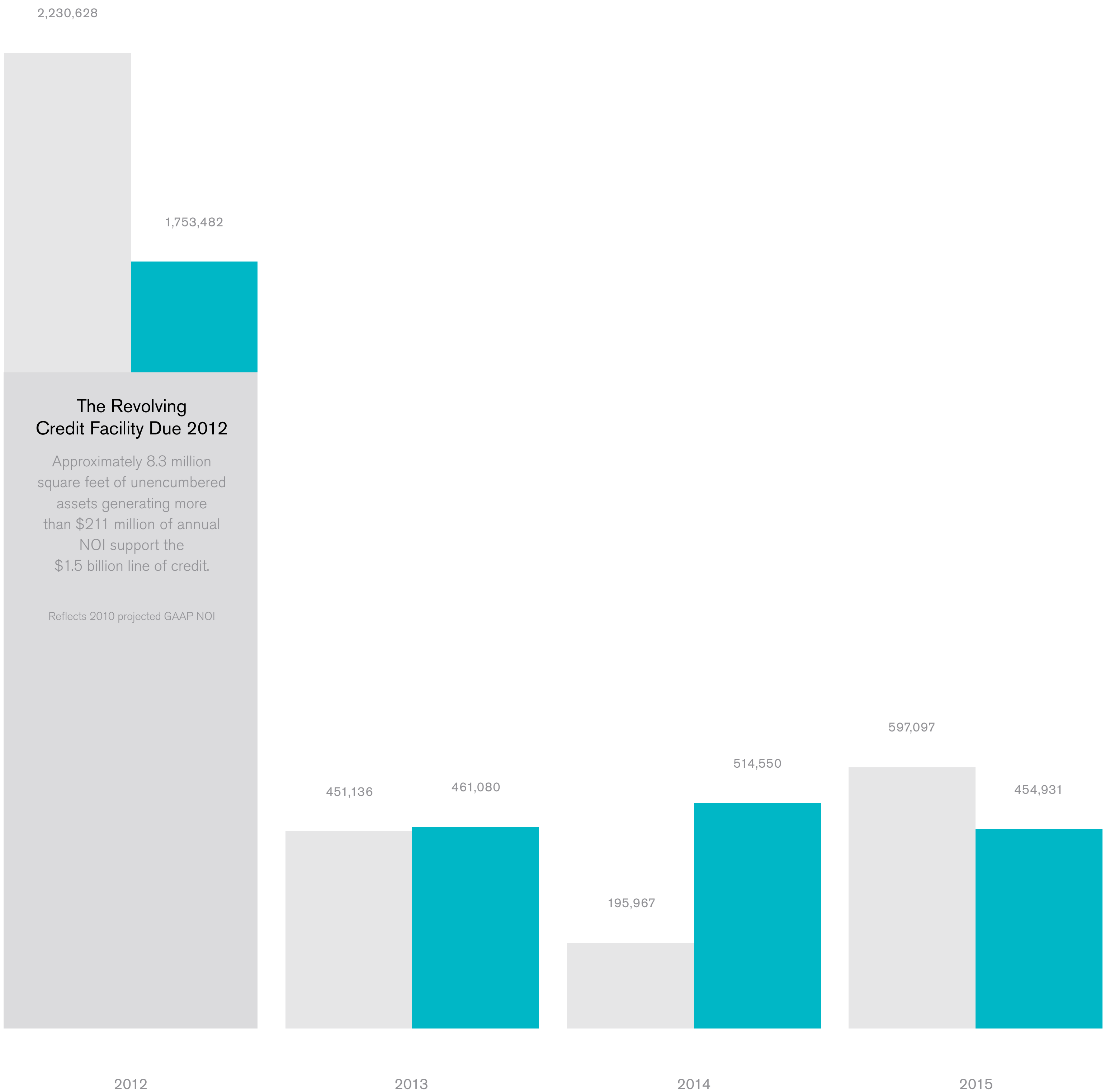
The international financial crisis provided an unusual backdrop for balance sheet enhancement – however, that is exactly what SL Green has accomplished. In late 2008, SL Green instituted a corporate debt repurchasing program that led to the retirement of more than $1 billion of corporate debt* through the end of 2009 at a sizable discount. Funding for this lucrative activity came from a variety of sources, including select asset sales, financings, refinancings and a temporary dividend reduction, along with a $405.7 million common stock issuance in May 2009. These steps enabled SL Green to significantly reduce its near term debt maturities while simultaneously improving SL Green's balance sheet and readying the Company for future growth opportunities in the next market cycle.

*As of December 31, 2009. Balances shown are SLG's share of consolidated and unconsolidated joint venture debt.

### DEBT MATURITIES AS OF:

(dollars in thousands)

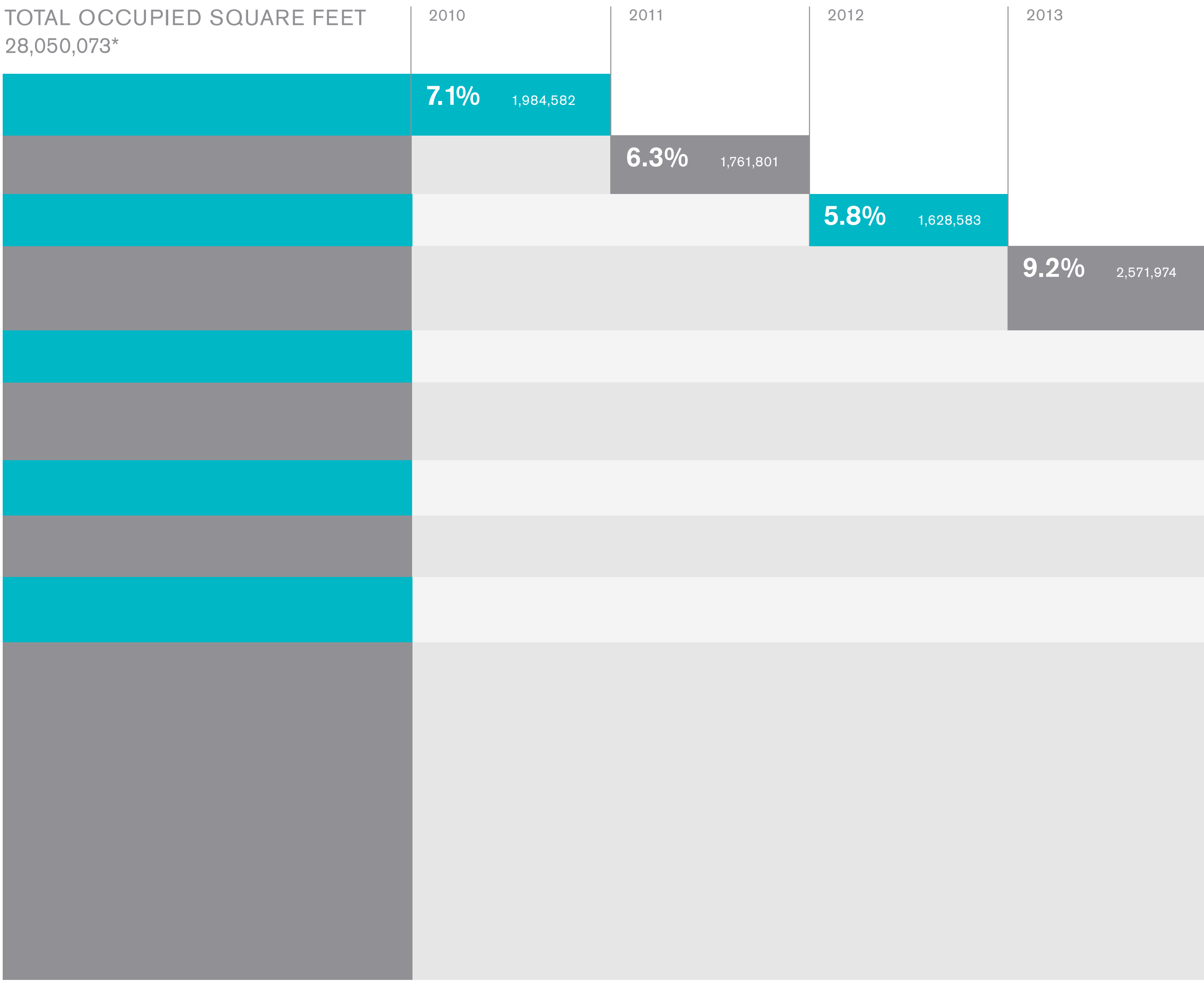




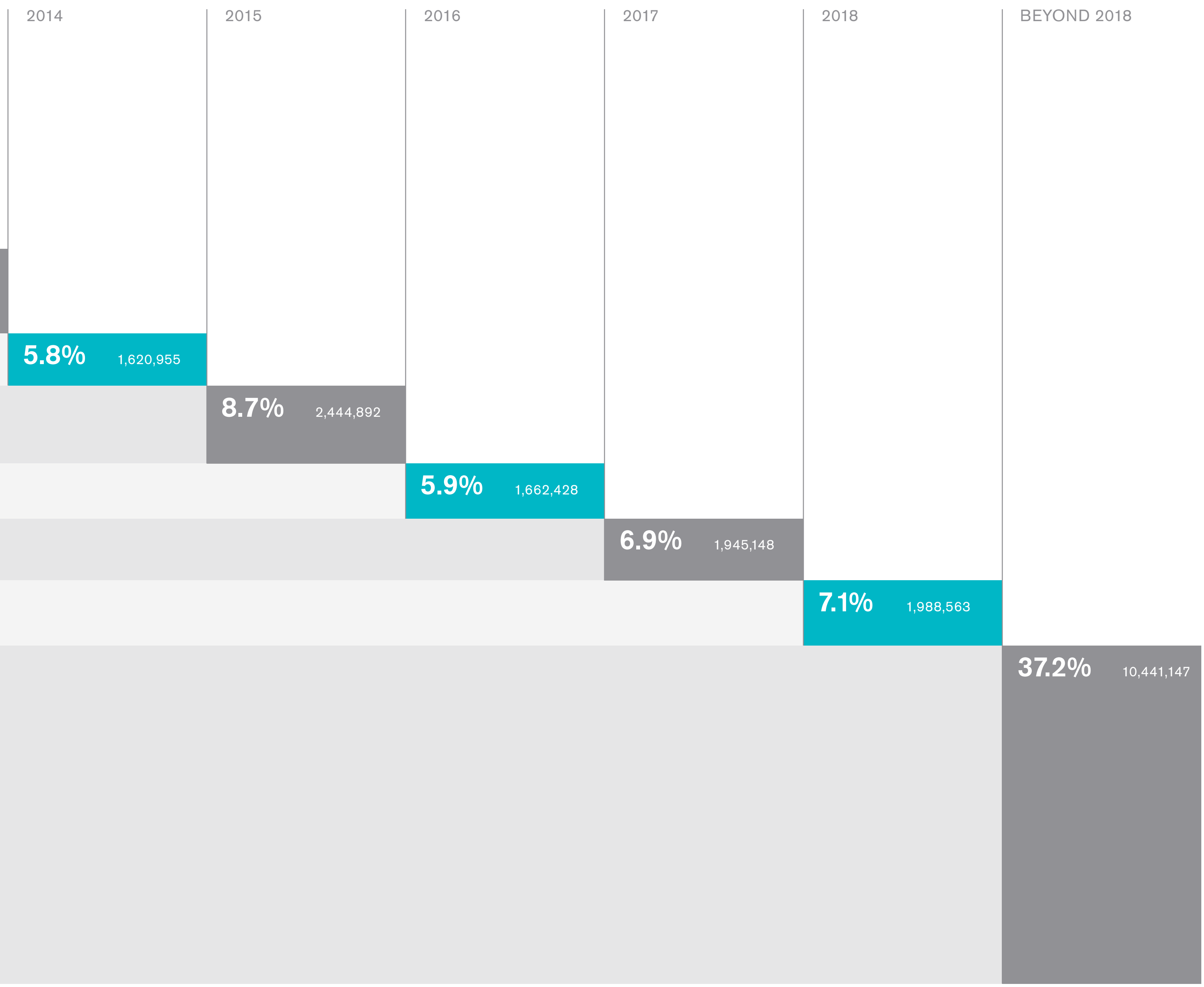
2,230,628
1,753,482
The Revolving
Credit Facility Due 2012
Approximately 8.3 million square feet of unencumbered assets generating more than $211 million of annual NOI support the $1.5 billion line of credit.
Reflects 2010 projected GAAP NOI
451,136
461,080
195,967
514,550
597,097
454,931
2012
2013
2014
2015

## MANAGING LEASE EXPIRATIONS

For many years, SL Green has led the New York City commercial office market in keeping its buildings occupied by quality tenants. This also has been true for the suburban portfolio since we acquired it in 2007. In 2009, SL Green once again outperformed. Our goal of keeping our properties well leased is achieved time and again because we constantly review our portfolio and we proactively manage our lease roll. By communicating with in-place tenants throughout their entire lease term, we are able to know of, and stay ahead of, their future needs. When attracting new tenants, we utilize highly competitive pre-built projects and build-to-suit programs that give us a leg up on our less well capitalized competitors. These defensive actions, when effectively employed, encourage early renewals and pre-lease of potential vacancies and significantly reduce scheduled rollovers.




* Combined Manhattan and suburban portfolios


2014
2015
2016
2017
2018
BEYOND 2018
5.8%
1,620,955
8.7%
2,444,892
5.9%
1,662,428
6.9%
1,945,148
7.1%
1,988,563
37.2%
10,441,147

# Strength in Numbers

Success comes from superior execution on all fronts – investing, financing, operating and leasing. SL Green consistently delivers top-tier performance across the board. The proof is in our numbers.

# 24

## MILLION SQUARE FEET OF RENTABLE SPACE

In the SL Green Manhattan portfolio, inclusive of 100 Church Street

# 102

PERCENT TOTAL RETURN IN 2009*

*Stifel Nicolaus Weekly Office Scorecard, December 31, 2009

**406**
MILLION DOLLARS
Of common stock issued in May 2009

**8**
MILLION SQUARE FEET
Total unencumbered square footage

**11**
BILLION DOLLARS
Total market capitalization as of year end

**165**
MILLION DOLLARS
Cash retained through effective tax planning and strategic dividend management

**59**
MILLION DOLLARS
Gross proceeds generated through select dispositions from the structured finance portfolio

**260**
MILLION DOLLARS
Gross proceeds generated through the disposition of suburban properties and investments

# 500
## MILLION DOLLARS
Cash on hand

# 30
## OFFICE BUILDINGS
In the Manhattan portfolio, inclusive of 100 Church Street

# 1
## BILLION DOLLARS
Gross proceeds generated by refinancing or expanding five first mortgages in 2009

# 31
## OFFICE BUILDINGS
In the suburban portfolio

# 15
## PERCENT AVERAGE
Increase in mark-to-market on new leases signed in Manhattan portfolio in 2009

# 95
## PERCENT OCCUPANCY
Occupancy in Manhattan

# 1

## BILLION DOLLARS

Total revenue in 2009

# 319

## MILLION DOLLARS

Funds from operations in 2009

# 93

## PERCENT TENANT SATISFACTION

Tenant satisfaction with overall building management in the Manhattan portfolio—
based on Kingsley Associates 2009 Tenant Satisfaction Assessment

# 217

## OFFICE LEASES COMMENCED

In 2009, portfolio wide

# Solid and Stable

Buildings made of steel and glass, bricks and mortar, each with its own identity, presence and intensity, towering over major thoroughfares in New York City, Westchester, and Connecticut. This is the SL Green portfolio – a carefully assembled set of durable assets that delivers solid income.



800 Third Avenue

120 West 45th Street



810 Seventh Avenue

1221 Avenue of the Americas



One Landmark Square, Stamford

750 Third Avenue & 485 Lexington Avenue

500 West Putnam Avenue, Stamford

919 Third Avenue



1350 Avenue of the Americas

## The SL Green Portfolio

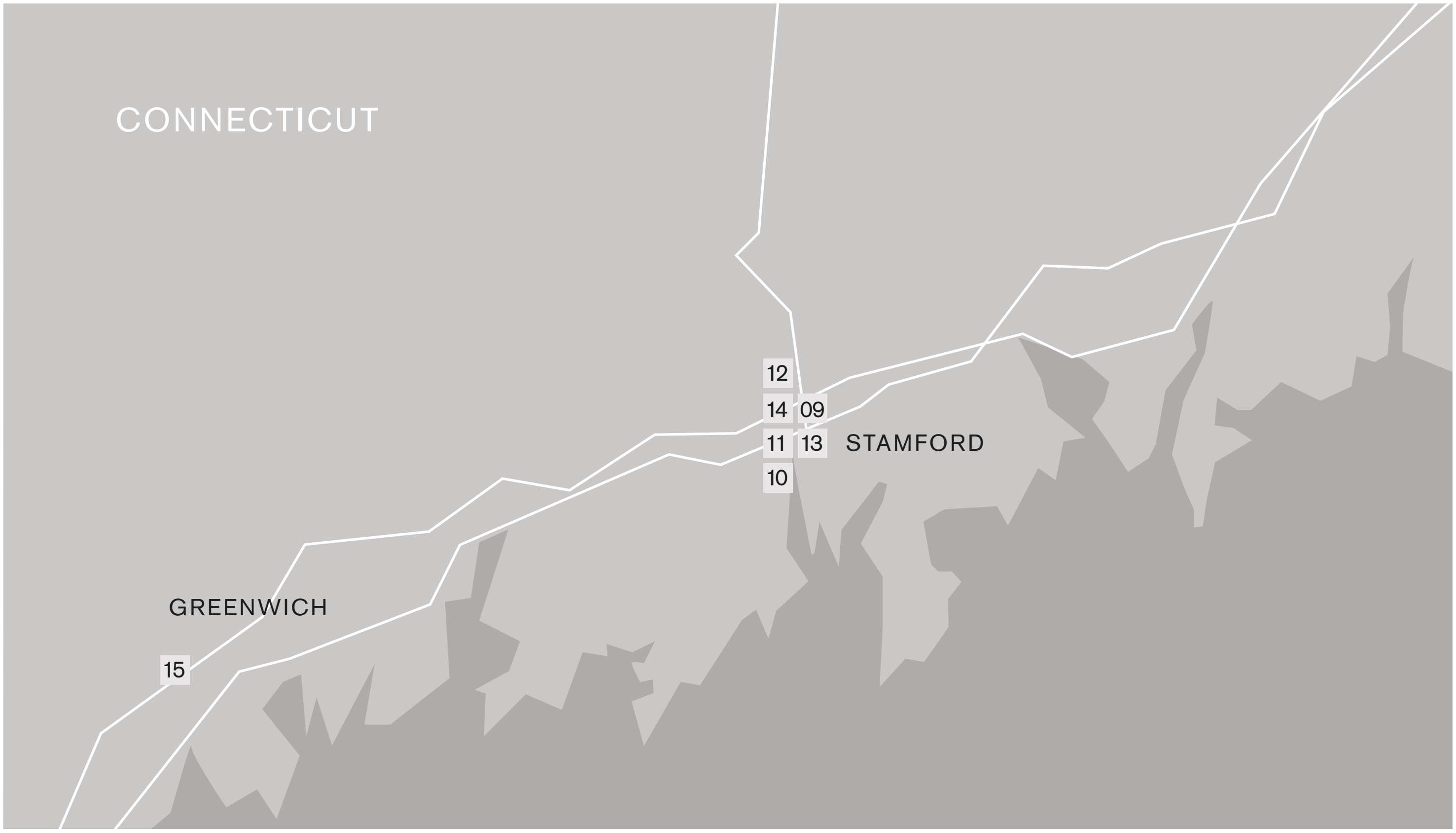
Through good times and bad, New York City functions as the world's financial capital. SL Green began assembling its premier collection of properties here in 1997 and it has grown to become the City's largest commercial office landlord. Complementing our New York City portfolio is a selection of premier suburban office properties, primarily located in Westchester and Stamford, Connecticut.

# The New York City Portfolio

Numbers correspond to pages 36 and 37.

# The Suburban Portfolio

Numbers correspond to pages 38 and 39.
Suburban properties not shown: One Court Square, Long Island City, NY;
The Meadows, Rutherford, NJ; 16 Court Street, Brooklyn, NY; Jericho Plaza, Jericho, NY




| Key | Properties | SubMarket | Ownership | Total Acquired Sq. Feet | Percent of Total Sq. Feet | Occupancy Percent 12/31/09 |
|---|---|---|---|---|---|---|
| | CONSOLIDATED PROPERTIES | | | | | |
| | "Same Store" | | | | | |
| 01 | 19 West 44th Street | Midtown | Fee Interest | 292,000 | 1 | 96.9 |
| 02 | 120 West 45th Street | Midtown | Fee Interest | 440,000 | 1 | 97.6 |
| 03 | 220 East 42nd Street | Grand Central | Fee Interest | 1,135,000 | 4 | 94.8 |
| 04 | 28 West 44th Street | Midtown | Fee Interest | 359,000 | 1 | 91.4 |
| 05 | 317 Madison Avenue | Grand Central | Fee Interest | 450,000 | 1 | 85.1 |
| 06 | 420 Lexington Ave (Graybar) | Grand Central | Leasehold Interest | 1,188,000 | 4 | 94.1 |
| 07 | 461 Fifth Avenue(3) | Midtown | Leasehold Interest | 200,000 | 1 | 98.8 |
| 08 | 485 Lexington Avenue | Grand Central | Fee Interest | 921,000 | 3 | 96.8 |
| 09 | 555 West 57th Street | Midtown West | Fee Interest | 941,000 | 3 | 98.9 |
| 10 | 609 Fifth Avenue | Rockefeller Center | Fee Interest | 160,000 | 1 | 97.5 |
| 11 | 625 Madison Avenue | Plaza District | Leasehold Interest | 563,000 | 2 | 99.8 |
| 12 | 673 First Avenue | United Nations | Leasehold Interest | 422,000 | 1 | 99.7 |
| 13 | 711 Third Avenue(1) | Grand Central | Operating Sublease | 524,000 | 2 | 89.1 |
| 14 | 750 Third Avenue | Grand Central | Fee Interest | 780,000 | 3 | 95.2 |
| 15 | 810 Seventh Avenue | Times Square | Fee Interest | 692,000 | 2 | 88.8 |
| 16 | 919 Third Avenue(2) | Midtown | Fee Interest | 1,454,000 | 5 | 99.9 |
| 17 | 1185 Avenue of the Americas | Rockefeller Center | Leasehold Interest | 1,062,000 | 4 | 98.9 |
| 18 | 1350 Avenue of the Americas | Rockefeller Center | Fee Interest | 562,000 | 2 | 89.2 |
| 19 | 1 Madison Avenue | Park Avenue South | Fee Interest | 1,176,900 | 4 | 99.8 |
| 20 | 331 Madison Avenue | Grand Central | Fee Interest | 114,900 | 0 | 100.0 |
| | Subtotal/Weighted Average | | | 13,436,800 | 45 | 96.0 |
| | Adjustments | | | | | |
| 21 | 333 West 34th Street | Penn Station | Fee Interest | 345,400 | 1 | 41.5 |
| | Subtotal/Weighted Average | | | 345,400 | 1 | 41.5 |
| | Total/Weighted Average Manhattan Consolidated Properties | | | 13,782,200 | 46 | 94.6 |

(1) Including Ownership of 50% in Building Fee.
(2) SL Green holds a 51% interest in this consolidated joint venture asset.
(3) SL Green holds an option to acquire the fee interest on this building.

| Key | Properties | SubMarket | Ownership | Usable Sq. Feet | Percent of Total Sq. Feet | Occupancy Percent 12/31/09 |
|---|---|---|---|---|---|---|
| | UNCONSOLIDATED PROPERTIES | | | | | |
| | "Same Store" | | | | | |
| 22 | 100 Park Avenue – 50% | Grand Central | Fee Interest | 834,000 | 3 | 84.3 |
| 23 | 521 Fifth Avenue – 50.1%(1) | Grand Central | Leasehold Interest | 460,000 | 2 | 81.5 |
| 24 | 800 Third Avenue – 42.95% | Grand Central | Fee Interest | 526,000 | 2 | 96.1 |
| 25 | 1221 Avenue of the Americas – 45% | Rockefeller Center | Fee Interest | 2,550,000 | 8 | 94.3 |
| 26 | 1515 Broadway – 68.45% | Times Square | Fee Interest | 1,750,000 | 6 | 98.0 |
| 27 | 388 & 390 Greenwich Street – 50.6% | Downtown | Fee Interest | 2,635,000 | 9 | 100.0 |
| 28 | 1745 Broadway – 32.3% | Midtown | Fee Interest | 674,000 | 2 | 100.0 |
| | Total/Weighted Average Unconsolidated Properties | | | 9,429,000 | 31 | 95.6 |
| | Manhattan Grand Total/Weighted Average | | | 23,211,200 | 77 | 95.0 |
| | Manhattan Same Store Occupancy % – Combined | | | 22,865,800 | 99 | 95.8 |
| | Overall Portfolio Grand Total | | | 30,015,900 | 100 | 93.4 |

(1) SL Green holds an option to acquire the fee interest on this building.

| Key | Properties | SubMarket | Usable Ownership | Percent of Sq. Feet | Occupancy Percent Total Sq. Feet | 12/31/09 |
|---|---|---|---|---|---|---|
| | CONSOLIDATED PROPERTIES | | | | | |
| | "Same Store" Westchester, NY | | | | | |
| 01 | 1100 King Street | Rye Brook, Westchester | Fee Interest | 540,000 | 9 | 88.2 |
| 02 | 520 White Plains Road | Tarrytown, Westchester | Fee Interest | 180,000 | 3 | 93.2 |
| 03 | 115–117 Stevens Avenue | Valhalla, Westchester | Fee Interest | 178,000 | 3 | 67.0 |
| 04 | 100 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 250,000 | 4 | 86.4 |
| 05 | 200 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 245,000 | 4 | 93.5 |
| 06 | 500 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 228,000 | 3 | 56.4 |
| 07 | 140 Grand Street | White Plains, Westchester | Fee Interest | 130,100 | 2 | 96.6 |
| 08 | 360 Hamilton Avenue | White Plains, Westchester | Fee Interest | 384,000 | 6 | 100.0 |
| | Westchester, NY Subtotal/Weighted Average | | | 2,135,100 | 31 | 86.5 |
| | "Same Store" Connecticut | | | | | |
| 09 | Landmark Square | Stamford, Connecticut | Fee Interest | 826,000 | 12 | 81.2 |
| 10 | 680 Washington Boulevard(1) | Stamford, Connecticut | Fee Interest | 133,000 | 2 | 84.5 |
| | 750 Washington Boulevard(1) | Stamford, Connecticut | Fee Interest | 192,000 | 3 | 97.4 |
| 12 | 1055 Washington Boulevard | Stamford, Connecticut | Leasehold Interest | 182,000 | 4 | 87.2 |
| 13 | 300 Main Street | Stamford, Connecticut | Fee Interest | 130,000 | 2 | 92.8 |
| 14 | 1010 Washington Boulevard | Stamford, Connecticut | Fee Interest | 143,400 | 2 | 54.3 |
| 15 | 500 West Putnam Avenue | Greenwich, Connecticut | Fee Interest | 121,500 | 2 | 83.2 |
| | Connecticut Subtotal/Weighted Average | | | 1,727,900 | 25 | 82.7 |
| | Total/Weighted Average Consolidated Properties | | | 3,863,000 | 67 | 84.8 |
| | UNCONSOLIDATED PROPERTIES | | | | | |
| | "Same Store" | | | | | |
| 16 | One Court Square – 30% | Long Island City, New York | Fee Interest | 1,402,000 | 21 | 100.0 |
| 17 | The Meadows – 25% | Rutherford, New Jersey | Fee Interest | 582,100 | 9 | 84.9 |
| 18 | 16 Court Street – 35% | Brooklyn, New York | Fee Interest | 317,600 | 5 | 84.1 |
| 19 | Jericho Plaza – 20.26% | Jericho, New York | Fee Interest | 640,000 | 9 | 92.8 |
| | Total/Weighted Average Unconsolidated Properties | | | 2,941,700 | 43 | 93.7 |
| | Suburban Grand Total/Weighted Average | | | 6,804,700 | 23 | 88.7 |
| | Suburban Same Store Occupancy % – Combined | | | 6,804,700 | 100 | 88.7 |

(1) SL Green holds a 51% interest in this consolidated joint venture asset.

| Key | Properties | SubMarket | Ownership | Sq. Feet | Total Sq. Feet | 12/31/09 |
|---|---|---|---|---|---|---|

## RETAIL, DEVELOPMENT & LAND

| | | | | | |
|---|---|---|---|---|---|
| 125 Chubb Way | Lyndhurst, NJ | Fee Interest | 278,000 | 36 | 10.7 |
| 150 Grand Street | White Plains, NY | Fee Interest | 85,000 | 11 | 20.6 |
| 141 Fifth Avenue – 50% | Flatiron | Fee Interest | 21,500 | 3 | 100.0 |
| 1551–1555 Broadway – 10% | Times Square | Fee Interest | 25,600 | 3 | 100.0 |
| 1604 Broadway – 63% | Times Square | Leasehold Interest | 29,876 | 4 | 23.7 |
| 180–182 Broadway – 50% | Cast Iron/Soho | Fee Interest | 70,580 | 9 | 49.0 |
| 21–25 West 34th Street – 50% | Herald Square/Penn Station | Fee Interest | 30,100 | 4 | 100.0 |
| 27–29 West 34th Street – 50% | Herald Square/Penn Station | Fee Interest | 15,600 | 2 | 100.0 |
| 379 West Broadway – 45%(1) | Cast Iron/Soho | Leasehold Interest | 62,006 | 8 | 100.0 |
| 717 Fifth Avenue – 32.75% | Midtown/Plaza District | Fee Interest | 119,550 | 15 | 75.8 |
| 7 Landmark Square | Stamford, Connecticut | Fee Interest | 36,800 | 5 | 10.8 |
| 2 Herald Square – 55% | Herald Square/Penn Station | Fee Interest | N/A | N/A | N/A |
| 885 Third Avenue – 55% | Midtown/Plaza District | Fee Interest | N/A | N/A | N/A |
| Total/Weighted Average Retail/Development Properties | | | 774,612 | 100 | N/A |

(1) SL Green holds an option to acquire the fee interest on this property.



100 Church Street

# Financial Information

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto included in Financial Statements and Supplementary Data and Management's Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report.

In connection with this Annual Report on Form 10-K, we are restating our historical audited consolidated financial statements as a result of classifying certain properties as held for sale. As a result, we have reported revenue and expenses from these properties as discontinued operations for each period presented in our Annual Report on Form 10-K. These reclassifications had no effect on our reported net income or funds from operations.

We are also providing updated summary selected financial information, which is included below reflecting the prior period reclassification as discontinued operations of the property classified as held for sale during 2009.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| OPERATING DATA (In thousands, except per share data) | 2009 | 2008 | 2007 | 2006 | 2005 |
| Total revenue | $1,010,659 | $1,079,422 | $974,830 | $451,022 | $339,799 |
| Operating expenses | 217,559 | 228,191 | 207,978 | 102,548 | 77,541 |
| Real estate taxes | 141,723 | 126,304 | 120,972 | 62,915 | 45,935 |
| Ground rent | 31,826 | 31,494 | 32,389 | 20,150 | 19,250 |
| Interest expense, net of interest income | 236,300 | 291,536 | 256,941 | 89,394 | 71,752 |
| Amortization of deferred finance costs | 7,947 | 6,433 | 15,893 | 4,424 | 4,461 |
| Depreciation and amortization | 226,545 | 216,583 | 174,257 | 62,523 | 46,670 |
| Loan loss and other investment reserves | 150,510 | 115,882 | – | – | – |
| Marketing, general and administration | 73,992 | 104,583 | 93,045 | 57,850 | 36,826 |
| Total expenses | 1,086,402 | 1,121,006 | 901,475 | 399,804 | 302,435 |
| Equity in net income of unconsolidated joint ventures | 62,878 | 59,961 | 46,765 | 40,780 | 49,349 |
| Income (loss) before gains on sale | (12,865) | 18,377 | 120,120 | 91,998 | 86,713 |
| Gain on early extinguishment of debt | 86,006 | 77,465 | – | – | – |
| Loss on equity investment in marketable securities | (396) | (147,489) | – | – | – |
| Gain on sale of properties/partial interests | 6,691 | 103,056 | 31,509 | 3,451 | 11,550 |
| Income from continuing operations | 79,436 | 51,409 | 151,629 | 95,449 | 98,263 |
| Discontinued operations | (7,771) | 352,639 | 531,068 | 141,909 | 67,309 |
| Net income | 71,665 | 404,048 | 682,697 | 237,358 | 165,572 |
| Net income attributable to noncontrolling interest in operating partnership | (1,221) | (14,561) | (26,084) | (11,429) | (8,222) |
| Net income attributable to noncontrolling interests in other partnerships | (12,900) | (8,677) | (10,383) | (5,210) | 69 |
| Net income attributable to SL Green | 57,544 | 380,810 | 646,230 | 220,719 | 157,419 |
| Preferred dividends | (19,875) | (19,875) | (19,875) | (19,875) | (19,875) |
| Net income attributable to SL Green common stockholders | $ 37,669 | $ 360,935 | $626,355 | $200,844 | $137,544 |
| Net income per common share – Basic | $ 0.54 | $ 6.22 | $ 10.66 | $ 4.50 | $ 3.29 |
| Net income per common share – Diluted | $ 0.54 | $ 6.20 | $ 10.54 | $ 4.38 | $ 3.20 |
| Cash dividends declared per common share | $ 0.6750 | $ 2.7375 | $ 2.89 | $ 2.50 | $ 2.22 |
| Basic weighted average common shares outstanding | 69,735 | 57,996 | 58,742 | 44,593 | 41,793 |
| Diluted weighted average common shares and common share equivalents outstanding | 72,044 | 60,598 | 61,885 | 48,495 | 45,504 |

| BALANCE SHEET DATA (In thousands) | As of December 31, 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Commercial real estate, before accumulated depreciation | $ 8,257,100 | $ 8,201,789 | $ 8,622,496 | $3,055,159 | $2,222,922 |
| Total assets | 10,487,577 | 10,984,353 | 11,430,078 | 4,632,227 | 3,309,777 |
| Mortgage notes payable, revolving credit facility, term loans, unsecured notes and trust preferred securities | 4,892,688 | 5,581,559 | 5,658,149 | 1,815,379 | 1,542,252 |
| Noncontrolling interests in operating partnership | 84,618 | 87,330 | 81,615 | 71,731 | 74,049 |
| Equity | 4,913,129 | 4,481,960 | 4,524,600 | 2,451,045 | 1,484,453 |

| OTHER DATA (In thousands) | Year Ended December 31, 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Funds from operations available to common stockholders(1) | $ 318,817 | $ 344,856 | $ 343,186 | $ 223,634 | $ 189,513 |
| Funds from operations available to all stockholders(1) | 318,817 | 344,856 | 343,186 | 223,634 | 189,513 |
| Net cash provided by operating activities | 275,211 | 296,011 | 406,705 | 225,644 | 138,398 |
| Net cash (used in) provided by investment activities | (345,379) | 396,219 | (2,334,337) | (786,912) | (465,674) |
| Net cash (used in) provided by financing activities | (313,006) | (11,305) | 1,856,418 | 654,342 | 315,585 |

(1) Funds From Operations, or FFO, is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002 defines FFO as net income (loss) (computed in accordance with generally accepted accounting principles, or GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITS, particularly those that own and operate commercial office properties. We also use FFO as one of several criteria to determine performance based bonuses for members of our senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

A reconciliation of FFO to net income computed in accordance with GAAP is provided under the heading of "Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds From Operations."

## OVERVIEW

SL Green Realty Corp., or the company, a Maryland corporation, and SL Green Operating Partnership, L.P., or the operating partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. We are a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. Unless the context requires otherwise, all references to "we," "our" and "us" means the company and all entities owned or controlled by the company, including the operating partnership.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in Item 8 of our Annual Report on Form 10-K.

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

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

The commercial real estate market is now in its third year of severe constraints on lending activity, resulting in continued illiquidity and reduced asset values.

Beginning in the third quarter of 2007, the sub-prime residential lending and single family housing markets in the U.S. began to experience significant default rates, declining real estate values and increasing backlog of housing supply. As a result of the poor credit performance in the residential markets, other lending markets experienced higher volatility and decreased liquidity. The residential sector capital markets issues quickly spread into the asset-backed commercial real estate, corporate and other credit and equity markets. Substantially reduced mortgage loan originations and securitizations continued through 2008 and 2009, and caused more generalized credit market dislocations and a significant contraction in available credit. As a result, most commercial real estate owners, operators, investors and lenders continue to find it extremely difficult to obtain cost-effective debt capital to finance new investment activity or to refinance maturing debt. In the few instances in which debt is available, it is at a cost much higher than in the recent past.

Credit spreads on commercial mortgages (i.e., the interest rate spread over given benchmarks such as LIBOR or U.S. Treasury securities) are significantly influenced by: (a) supply and demand for such mortgage loans; (b) perceived risk of the underlying real estate collateral cash flow; and (c) capital markets execution for the sale or financing of such commercial mortgage assets. In the case of (a), the number of potential lenders in the marketplace and the amount of funds they are willing to devote to commercial mortgage assets will impact credit spreads. As liquidity increases, spreads on equivalent commercial mortgage loans will decrease. Conversely, a lack of liquidity will result in credit spreads increasing. During periods of volatility, such as the markets are currently experiencing, the number of lenders participating in the market may change at an accelerated pace.

For existing loans, when credit spreads widen, the fair value of these existing loans decreases. If a lender were to originate a similar loan today, such loan would carry a greater credit spread than the existing loan. Even though a loan may be performing in accordance with its loan agreement and the underlying collateral has not changed, the fair value of the loan may be negatively impacted by the incremental interest foregone from the widened credit spread. Accordingly, when a lender wishes to sell or finance the loan, the reduced value of the loan will impact the total proceeds that the lender will receive.

The recent credit crisis has put many borrowers, including some borrowers in our structured finance investment portfolio, under increasing amounts of financial and capital distress. For the year ended December 31, 2009, we recorded a gross provision for loan losses and charge offs of approximately $146.5 million. Much of it related to non-New York City structured finance investments.

At the same time, we recognized that the market's distress was creating attractive new strategic investment opportunities for those with the capital available to take new debt positions. Such opportunities sometimes involved investing in debt at attractive discounts – which offered the ability to control and benefit from restructuring efforts and potentially even take equity ownership under attractive terms. We made new structured finance investments totaling $254.3 million in 2009. Our structured finance portfolio included a position in the debt backed by 100 Church Street in Manhattan, New York City, which we subsequently converted to full operational control and then full ownership in 2010.

During the past two years, the New York City real estate market saw an increase in the direct vacancy rate, as well as an increase in the amount of sublease space on the market, which largely subsided by late 2009. When the market absorbs sublease space, rents usually stabilize and occupancy begins to improve. We expect that total vacancy in Manhattan has now reached, or is close to reaching, its inflection point and will improve in 2010, although probably very slowly at first. Along with rent stabilization and slow recovery, we anticipate a gradual reduction in the need to provide a long free rent period and large tenant improvement allowances used to attract tenants.

Property sales continue to lag, as noted above. New York City sales activity in 2009 decreased by approximately $16.9 billion when compared to 2008, as total volume only reached approximately

$3.5 billion. We believe that this is primarily due to a lack of financing for purchasers. However, we have been able to access capital for refinancing purposes which we believe primarily results from the asset quality of our portfolio and our ability to create and preserve asset value.

Leasing activity for Manhattan, a borough of New York City, totaled approximately 16.3 million square feet compared to approximately 19.1 million square feet in 2008. Of the total 2009 leasing activity in Manhattan, the Midtown submarket accounted for approximately 11.3 million square feet, or 69.1%. Midtown's overall vacancy increased from 8.5% at December 31, 2008 to 12.0% at December 31, 2009, after reaching as high as 13.4% in October 2009.

Overall asking rents for direct space in Midtown decreased from $72.08 at year-end 2008 to $57.32 at year-end 2009, a decrease of 20.5%. The decrease in rents has been driven by increased vacancy resulting from the financial crisis. Management believes that rental rates will begin to moderate and concession packages will decline during 2010 as vacancy shrinks.

During 2009, minimal new office space was added to the Midtown office inventory. In a supply-constrained market, there is only 2.0 million square feet under construction in Midtown as of year-end and which becomes available in the next two years, only 7.3% of which is pre-leased.

We saw significant fluctuations in short-term interest rates, although they still remain low compared to historical levels. The 30-day LIBOR rate ended 2009 at 0.23%, a 21 basis point decrease from the end of 2008. Ten-year US Treasuries ended 2009 at 3.83%, a 162 basis point increase from the end of 2008.

Our activities for 2009 included:

- Acquired two sub-leasehold positions at 420 Lexington Avenue for approximately $15.9 million;
- Sold two properties for an aggregate gross sales price of approximately $135.7 million generating losses to us of approximately $7.1 million;
- Signed 217 office leases totaling 2.1 million square feet during 2009 while increasing the cash rents paid by new tenants on previously occupied space by 14.8% and decreasing cash rents by 2.4% over the most recent cash rent paid by the previous tenants for the same space for the Manhattan and Suburban properties, respectively;
- Sold 19,550,000 shares of our common stock, generating net proceeds of approximately $387.1 million;
- Repurchased approximately $564.6 million of our exchangeable and non-exchangeable notes and a portion of our 2007 unsecured revolving credit facility, realizing gains on early extinguishment of debt of approximately $86.0 million;
- Originated or acquired approximately $184.3 million of new structured finance investments, net of redemptions and recorded approximately $146.5 million in loan loss reserves and charge offs; and
- Closed on approximately $1.0 billion of mortgage financings.

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

| Location | Ownership | Number of Properties | Square Feet | Weighted Average Occupancy(1) |
|---|---|---|---|---|
| Manhattan | Consolidated properties | 21 | 13,782,200 | 94.6% |
| | Unconsolidated properties | 8 | 9,429,000 | 95.6% |
| Suburban | Consolidated properties | 25 | 3,863,000 | 84.8% |
| | Unconsolidated properties | 6 | 2,941,700 | 93.7% |
| | | 60 | 30,015,900 | 93.4% |

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

We also own investments in eight retail properties encompassing approximately 374,812 square feet, three development properties encompassing approximately 399,800 square feet and two land interests. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

## CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

### Investment in Commercial Real Estate Properties

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

A variety of costs are incurred in the development and leasing of our properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The costs of land and building under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. We consider a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity. We cease capitalization on the portions substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with the portions under construction.

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

### Investment in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting in cases where we exercise significant influence, but do not control these entities and are not considered to be the primary beneficiary. We consolidate those joint ventures which are VIEs and where we are considered to be the primary beneficiary, even though we do not control the entity. In all these joint ventures, the rights of the minority investor are both protective as well as participating. Unless we are determined to be the primary beneficiary, these rights preclude us from consolidating these investments. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Any difference between the carrying amount of these investments on our balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in net income (loss) of unconsolidated joint ventures over the lesser of the joint venture term or 10 years. Equity income (loss) from unconsolidated joint ventures is allocated based on our ownership interest in each joint venture. When a capital event (as defined in each joint venture agreement) such as a refinancing occurs, if return thresholds are met, future equity income will be allocated at our increased economic percentage. We recognize incentive income from unconsolidated real estate joint ventures as income to the extent it is earned and not subject to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for future obligations of the joint venture or may otherwise be committed to provide future additional financial support. None of the joint venture debt is recourse to us.

### Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the accompanying balance sheets. We establish, on a current basis, an allowance for future potential tenant credit losses, which may occur against this account. The balance reflected on the balance sheet is net of such allowance.

Interest income on structured finance investments is recognized over the life of the investment using the effective interest method and recognized on the accrual basis. Fees received in connection with loan commitments are deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Anticipated exit fees, whose collection is expected, are also recognized over the term of the loan as an adjustment to yield. Fees on commitments that expire unused are recognized at expiration.

Income recognition is generally suspended for structured finance investments at the earlier of the date at which payments become

90 days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

### Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our tenants to make required rent payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required.

### Reserve for Possible Credit Losses

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

Where impairment is indicated, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We recorded approximately $38.4 million and $45.8 million in loan loss reserves and charge offs during the years ended December 31, 2009 and 2008, respectively, on investments being held to maturity.

Structured finance investments held for sale are carried at the lower of cost or fair market value using available market information obtained through consultation with dealers or other originators of such investments as well as discounted cash flow models based on Level 3 data pursuant to ASC 820-10. As circumstances change, management may conclude not to sell an investment designated as held for sale. In such situations, the loan will be reclassified at its net carrying value to structured finance investments held to maturity. During the quarter ended September 30, 2009, we reclassified loans with a net carrying value of approximately $56.7 million from held for sale to held to maturity. For these reclassified loans, the difference between the current carrying value and the expected cash to be collected at maturity will be accreted into income over the remaining term of the loan. As of December 31, 2009, one loan with a net carrying value of approximately $1.0 million had been designated as held for sale. We recorded a mark-to-market adjustment of approximately $69.1 million against our held for sale investment during the year ended December 31, 2009.

### Derivative Instruments

In the normal course of business, we use a variety of derivative instruments to manage, or hedge, interest rate risk. We require that hedging derivative instruments be effective in reducing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential for qualifying for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

To determine the fair values of derivative instruments, we use a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

## RESULTS OF OPERATIONS

### Comparison of the year ended December 31, 2009 to the year ended December 31, 2008

The following comparison for the year ended December 31, 2009, or 2009, to the year ended December 31, 2008, or 2008, makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all properties owned by us at January 1, 2008 and at December 31, 2009 and total 45 of our 60 consolidated and unconsolidated properties, representing approximately 74% of our share of annualized rental revenue, (ii) the effect of the "Acquisitions," which represents all properties or interests in properties acquired in 2008 and all non-Same-Store Properties, including properties deconsolidated during the period, and (iii) "Other," which represents corporate level items not allocable to specific properties, the Service Corporation and eEmerge. Assets classified as held for sale are excluded from the following discussion.

| RENTAL REVENUES (in millions) | 2009 | 2008 | $ Change | % Change |
|---|---|---|---|---|
| Rental revenue | $773.2 | $774.0 | $ (0.8) | (0.1)% |
| Escalation and | | | | |
| reimbursement revenue | 124.5 | 123.0 | 1.5 | 1.2 |
| Total | $897.7 | $897.0 | $ 0.7 | 0.1% |
| Same-Store Properties | $884.7 | $865.8 | $ 18.9 | 2.2% |
| Acquisitions | 7.0 | 25.7 | (18.7) | (72.8) |
| Other | 6.0 | 5.5 | 0.5 | 9.1 |
| Total | $897.7 | $897.0 | $ 0.7 | 0.1% |

Occupancy in the Same-Store Properties was 93.2% at December 31, 2009 and 95.3% at December 31, 2008. The decrease in the Acquisitions is primarily due to certain properties being deconsolidated in 2008, and therefore, not included in the 2009 consolidated results.

At December 31, 2009, we estimated that the current market rents on our consolidated Manhattan properties and consolidated Suburban properties were approximately 4.9% and 4.5% higher, respectively, than the existing in-place fully escalated rents. Approximately 9.0% of the space leased at our consolidated properties expires during 2010.

The increase in escalation and reimbursement revenue was due to the recoveries at the Same-Store Properties ($1.3 million) and the Acquisitions and Other ($0.2 million). The increase in recoveries at the Same-Store Properties was primarily due to increases in real estate tax escalations ($10.1 million). This was partially offset by reductions in operating expense escalations ($7.0 million) and electric reimbursements ($1.8 million).

During the year ended December 31, 2009, we signed or commenced 140 leases in the Manhattan portfolio totaling 1,366,625 square feet, of which 113 leases and 1,301,358 square feet represented office leases. Average starting Manhattan office rents of $44.85 per rentable square foot on the 1,301,358 square feet of leases signed or commenced during the year ended December 31, 2009 represented a 14.8% increase over the previously fully escalated rents. The average lease term was 8.5 years and average tenant concessions were 3.6 months of free rent with a tenant improvement allowance of $33.36 per rentable square foot.

| INVESTMENT AND OTHER INCOME (in millions) | 2009 | 2008 | $ Change | % Change |
|---|---|---|---|---|
| Equity in net income of unconsolidated joint ventures | $ 62.9 | $ 60.0 | $ 2.9 | 4.8% |
| Investment and preferred equity income | 65.6 | 110.9 | (45.3) | (40.9) |
| Other income | 47.4 | 71.5 | (24.1) | (33.7) |
| Total | $175.9 | $242.4 | $(66.5) | (27.4)% |

The increase in equity in net income of unconsolidated joint ventures was primarily due to higher net income contributions from 1515 Broadway ($8.5 million), 16 Court Street ($1.3 million), 521 Fifth Avenue ($1.6 million), 100 Park Avenue ($1.4 million), 1 Madison Avenue ($0.8 million), Mack-Green ($2.8 million), 1221 Avenue of the Americas ($4.3 million) and 1604 Broadway ($1.3 million). This was partially offset by lower net income contributions primarily from our investments in Gramercy ($13.6 million), 388 Greenwich Street ($3.1 million), 1250 Broadway ($2.6 million) and 717 Fifth Avenue ($1.7 million). Occupancy at our joint venture properties was 95.1% at December 31, 2009 and 95.0% at December 31, 2008. At December 31, 2009, we estimated that current market rents at our Manhattan and Suburban joint venture properties were approximately 10.4% and 0.3% higher, respectively, than then existing in-place fully escalated rents. Approximately 6.5% of the space leased at our joint venture properties expires during 2010.

Investment and preferred equity income decreased during 2009 when compared to the prior year. The weighted average investment balance outstanding and weighted average yields were $652.9 million and 8.4%, respectively, for 2009 compared to $816.9 million and 10.5%, respectively, for 2008. The decrease was primarily due to the sale of structured finance investments as well as certain loans being placed on non-accrual status in 2009.

The decrease in other income was primarily due to reduced fee income earned by GKK Manager, a former affiliate of ours and the former external manager of Gramercy ($5.1 million). In addition, in 2008, we earned an incentive distribution upon the sale of 1250 Broadway ($25.0 million) as well as an advisory fee paid to us in connection with Gramercy closing its acquisition of AFR (approximately $6.6 million). This was partially offset by the recognition in 2009 of an incentive fee ($4.8 million) upon the final resolution of our original Bellemead investment and other fee income ($11.0 million).

| PROPERTY OPERATING EXPENSES (in millions) | 2009 | 2008 | $ Change | % Change |
|---|---|---|---|---|
| Operating expenses | $217.6 | $228.2 | $(10.6) | (4.7)% |
| Real estate taxes | 141.7 | 126.3 | 15.4 | 12.2 |
| Ground rent | 31.8 | 31.5 | 0.3 | 1.0 |
| Total | $391.1 | $386.0 | $ 5.1 | 1.3% |
| Same-Store Properties | $373.1 | $367.5 | $ 5.6 | 1.5% |
| Acquisitions | 3.6 | 2.9 | 0.7 | 24.1 |
| Other | 14.4 | 15.6 | (1.2) | (7.7) |
| Total | $391.1 | $386.0 | $ 5.1 | 1.3% |

Same-Store Properties operating expenses decreased approximately $9.2 million. There were decreases in repairs and maintenance ($2.9 million), insurance costs ($0.8 million), utilities ($6.6 million) and various other costs ($0.7 million). This was partially offset by an increase in payroll costs ($1.0 million) and ground rent ($0.8 million).

The increase in real estate taxes was primarily attributable to the Same-Store Properties ($14.8 million) due to higher assessed property values and increased rates.

| OTHER EXPENSES (in millions) | 2009 | 2008 | $ Change | % Change |
|---|---|---|---|---|
| Interest expense, net of interest income | $244.2 | $298.0 | $(53.8) | (18.1)% |
| Depreciation and amortization expense | 226.5 | 216.6 | 9.9 | 4.6 |
| Loan loss reserves | 150.5 | 115.9 | 34.6 | 29.9 |
| Marketing, general and administrative expense | 74.0 | 104.6 | (30.6) | (29.3) |
| Total | $695.2 | $735.1 | $(39.9) | (5.4)% |

The decrease in interest expense was primarily attributable to lower LIBOR rates in 2009 compared to 2008 as well as the early repurchase of certain of our outstanding senior unsecured notes. The weighted average interest rate decreased from 5.24% for the year ended December 31, 2008 to 4.30% for the year ended December 31, 2009. As a result of the note repurchases and repayments, the weighted average debt balance decreased from $5.7 billion during the year ended December 31, 2008 compared to $5.1 billion during the year ended December 31, 2009.

In 2009, we repurchased approximately $564.6 million of our exchangeable and non-exchangeable notes and a portion of our 2007 unsecured revolving credit facility, realizing gains on early extinguishment of debt of approximately $86.0 million.

The increase in loan loss reserves was primarily due to the realized loss on the sale of a structured finance investment (approximately $38.4 million) in 2009 as well as additional reserves recorded on loans being held to maturity as well as held for sale.

Marketing, general and administrative expenses represented 7.3% of total revenues in 2009 compared to 9.7% in 2008. The decrease is primarily due to reduced stock-based compensation costs in 2009.

### Comparison of the year ended December 31, 2008 to the year ended December 31, 2007

The following comparison for the year ended December 31, 2008, or 2008, to the year ended December 31, 2007, or 2007, makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all properties owned by us at January 1, 2007 and at December 31, 2008 and total 40 of our 49 consolidated properties, inclusive of the Reckson assets (January 2007), representing approximately 69.2% of our share of annualized rental revenue, and the effect of the "Acquisitions," which represents all properties or interests in properties acquired in 2007, namely, 300 Main Street, 399 Knollwood (all January 2007), 333 West 34th Street, 331 Madison Avenue and 48 East 43rd Street (April), 1010 Washington Avenue, CT, and 500 West Putnam Avenue, CT (June), and 180 Broadway and One Madison Avenue (August) and (iii) "Other," which represents corporate level items not allocable to specific properties, the Service Corporation and eEmerge. There were no acquisitions of commercial office properties in 2008. Assets classified as held for sale, are excluded from the following discussion.

| RENTAL REVENUES (in millions) | 2008 | 2007 | $ Change | % Change |
|---|---|---|---|---|
| Rental revenue | $774.0 | $662.5 | $111.5 | 16.8% |
| Escalation and reimbursement revenue | 123.0 | 109.0 | 14.0 | 12.8 |
| Total | $897.0 | $771.5 | $125.5 | 16.3% |
| Same-Store Properties | $765.3 | $691.4 | $ 73.9 | 10.7% |
| Acquisitions | 126.1 | 74.2 | 51.9 | 70.0 |
| Other | 5.6 | 5.9 | (0.3) | (5.1) |
| Total | $897.0 | $771.5 | $125.5 | 16.3% |

Occupancy in the Same-Store Properties increased from 95.0% at December 30, 2007 to 95.2% at December 31, 2008. The increase in the Acquisitions is primarily due to owning these properties for a period during the year in 2008 compared to a partial period or not being included in 2007. This includes the Reckson properties.

At December 31, 2008, we estimated that the current market rents on our consolidated Manhattan properties and consolidated Suburban properties were approximately 20.2% and 14.4% higher, respectively, than then existing in-place fully escalated rents. Approximately 8.1% of the space leased at our consolidated properties was scheduled to expire during 2009.

The increase in escalation and reimbursement revenue was due to the recoveries at the Acquisitions ($0.9 million) and the Same-Store Properties ($13.4 million). The increase in recoveries at the Same-Store Properties was primarily due to operating expense escalations ($9.0 million) and electric reimbursement ($3.7 million) and was primarily offset by decreases in real estate tax recoveries ($0.7 million).

| INVESTMENT AND OTHER INCOME (in millions) | 2008 | 2007 | $ Change | % Change |
|---|---|---|---|---|
| Equity in net income of unconsolidated joint ventures | $ 60.0 | $ 46.8 | $ 13.2 | 28.2% |
| Investment and preferred equity income | 110.9 | 82.7 | 28.2 | 34.1 |
| Other income | 71.5 | 120.7 | (49.2) | (40.8) |
| Total | $242.4 | $250.2 | $ (7.8) | (3.1)% |

The increase in equity in net income of unconsolidated joint ventures was primarily due to higher net income contributions from 388 Greenwich Street ($6.4 million), 1515 Broadway ($11.4 million), 1250 Broadway ($1.7 million), 521 Fifth Avenue ($1.5 million), 2 Herald Square ($1.9 million), One Madison Avenue ($1.0 million), Mack-Green ($1.9 million), 800 Third Avenue ($1.3 million) and 885 Third Avenue ($3.7 million). This was partially offset by lower net income contributions primarily from our investments in 100 Park which was under redevelopment ($3.3 million), Gramercy ($9.9 million) and 16 Court Street ($1.0 million). Occupancy at our joint venture properties decreased from 95.2% in 2007 to 95.0% in 2008. At December 31, 2009, we estimated that current market rents at our Manhattan and Suburban joint venture properties were approximately 25.0% and 6.7% higher, respectively, than then existing in-place fully escalated rents. Approximately 3.8% of the space leased at our joint venture properties expires during 2009.

Investment and preferred equity income increased during the current period. The weighted average investment balance outstanding and weighted average yield were $816.9 million and 10.5%, respectively, for 2008 compared to $717.1 million and 10.3%, respectively, for 2007. During 2008, we sold approximately $99.7 million of structured finance investments and realized net gains of approximately $9.3 million. We also settled the Reckson Strategic Venture Partners investment which resulted in a gain of approximately $6.9 million. No structured finance investments were sold in 2007.

The decrease in other income was primarily due to an incentive distribution earned in 2007 upon the sale of One Park Avenue (approximately $77.2 million) and One Madison Clocktower (approximately $5.1 million) as well as a decrease in fee income earned by GKK Manager LLC, a former affiliate of ours and the former external manager of Gramercy (approximately $3.1 million). This was partially offset by an incentive distribution earned in 2008 upon the sale of 1250 Broadway ($25.0 million) and an advisory fee earned by us in connection with Gramercy closing its acquisition of AFR ($6.6 million). The reduction in fee income from GKK Manager LLC, was primarily due to us waiving our rights to receive incentive fees and CDO Management fees beginning in July 2008. In addition, in 2008 we returned approximately $5.1 million of incentive fees to Gramercy pursuant to a written agreement.

| PROPERTY OPERATING EXPENSES (in millions) | 2008 | 2007 | $ Change | % Change |
|---|---|---|---|---|
| Operating expenses | $228.2 | $208.0 | $20.2 | 9.7% |
| Real estate taxes | 126.3 | 121.0 | 5.3 | 4.4 |
| Ground rent | 31.5 | 32.4 | (0.9) | (2.8) |
| Total | $386.0 | $361.4 | $24.6 | 6.8% |
| Same-Store Properties | $348.5 | $325.1 | $23.4 | 7.2% |
| Acquisitions | 22.0 | 18.8 | 3.2 | 17.0 |
| Other | 15.5 | 17.5 | (2.0) | (11.4) |
| Total | $386.0 | $361.4 | $24.6 | 6.8% |

Same-Store Properties operating expenses increased approximately $18.7 million. There were increases in payroll expenses ($3.8 million), contract maintenance and repairs and maintenance ($2.1 million), utilities ($8.4 million), insurance ($1.0 million), ground rent expense ($0.3 million) and other miscellaneous expenses ($3.1 million), respectively.

The increase in real estate taxes was primarily attributable to the Same-Store Properties ($4.7 million) due to higher assessed property values and the Acquisitions ($0.8 million).

| OTHER EXPENSES (in millions) | 2008 | 2007 | $ Change | % Change |
|---|---|---|---|---|
| Interest expense, net of interest income | $298.0 | $272.8 | $25.2 | 9.2% |
| Depreciation and amortization expense | 216.6 | 174.3 | 42.3 | 24.3 |
| Loan loss and other investment reserves | 115.9 | – | 115.9 | 100.0 |
| Marketing, general and administrative expense | 104.6 | 93.0 | 11.6 | 12.5 |
| Total | $735.1 | $540.1 | $195.0 | 36.1% |

The increase in interest expense was primarily attributable draw downs on our 2007 unsecured revolving credit facility which were done in response to uncertainty in the financial sector. The weighted average interest rate decreased from 5.66% for the year ended December 31, 2007 to 5.24% for the year ended December 31, 2008. As a result of the new investment activity in 2007 and drawing down on our 2007 unsecured revolving credit facility in 2008, the weighted average debt balance increased from $4.7 billion as of December 31, 2007 to $5.7 billion as of December 31, 2008.

In 2008, we recorded approximately $98.9 million in loan loss reserves primarily against our non-New York City structured finance investments. During the fourth quarter of 2008, we entered into an agreement with Gramercy which, among other matters, obligated Gramercy and us to use commercially reasonable efforts to obtain the consents of certain lenders of Gramercy and its subsidiaries to a potential internalization. The internalization occurred in April 2009. We also expensed our approximately $14.9 million investment in GKK Manager LLC.

Marketing, general and administrative expenses, or MG&A, represented 10.8% of total revenues in 2008 compared to 10.3% in 2007. During the fourth quarter, we and certain of our employees agreed to cancel, without compensation, certain employee stock options as well as a portion of our 2006 long-term outperformance plan. These cancellations resulted in a non-cash charge of approximately $18.0 million. MG&A for 2008 includes personnel hired by GKK Manager LLC in connection with the AFR acquisition which added approximately $4.3 million to MG&A. MG&A for 2008 also includes a non-recurring expense of approximately $2.0 million for costs incurred in connection with the pursuit of redevelopment projects.

Due to market conditions, we recognized a loss on our investment in Gramercy of approximately $147.5 million. In addition, we repurchased approximately $262.6 million of our convertible bonds in 2008 and realized approximately $88.5 million of gains due to the early extinguishment of debt.

## LIQUIDITY AND CAPITAL RESOURCES

We are currently experiencing a global economic downturn and credit crunch. As a result, many financial industry participants, including commercial real estate owners, operators, investors and lenders continue to find it extremely difficult to obtain cost-effective debt capital to finance new investment activity or to refinance maturing debt. When debt is available, it is generally at a cost much higher than in the recent past.

We currently expect that our principal sources of working capital and funds for acquisition and redevelopment of properties, tenant improvements and leasing costs and for structured finance investments will include:

(1) Cash flow from operations;
(2) Cash on hand;
(3) Borrowings under our 2007 unsecured revolving credit facility;
(4) Other forms of secured or unsecured financing;
(5) Net proceeds from divestitures of properties and redemptions, participations and dispositions of structured finance investments; and
(6) Proceeds from common or preferred equity or debt offerings by us or our operating partnership (including issuances of limited partnership units in our operating partnership and trust preferred securities).

Cash flow from operations is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates achieved on our leases, the collectability of rent and operating escalations and recoveries from our tenants and the level of operating and other costs. Additionally, we believe that our joint venture investment programs will also continue to serve as a source of capital.

Our combined aggregate principal maturities of our property mortgages, corporate obligations and our share of joint venture debt, including as-of-right extension options, as of December 31, 2009 are as follows (in thousands):

| | 2010 | 2011 | 2012 | 2013 | 2014 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Property Mortgages | $ 28,557 | $269,185 | $ 149,975 | $454,396 | $ 30,052 | $1,663,387 | $2,595,552 |
| Corporate obligations | 114,821 | 123,607 | 1,533,981 | – | 150,000 | 374,727 | 2,297,136 |
| Joint venture debt – our share | 115,130 | 206,951 | 60,759 | 6,684 | 334,499 | 1,124,699 | 1,848,722 |
| Total | $258,508 | $599,743 | $1,744,715 | $461,080 | $514,551 | $3,162,813 | $6,741,410 |

As of December 31, 2009, we had approximately $402.5 million of cash on hand, inclusive of approximately $58.8 million of marketable securities. In May 2009, we reduced the dividend on our common stock from an annualized rate of $1.50 per share to $0.40 per share. In addition, we expect to generate positive cash flow from operations for the foreseeable future. We also have the ability to access private and public debt and equity capital when the opportunity presents itself, although there is no guarantee that this capital will be made available to us. Management believes that these sources of liquidity if we are able to access them, along with potential refinancing opportunities for secured debt and continued repurchases of our senior unsecured notes at discounted prices, will allow us to satisfy our debt obligations, as described above, upon maturity, if not before.

We also have investments in several real estate joint ventures with various partners who we consider to be financially stable and who have the ability to fund a capital call when needed. Most of our joint ventures are financed with non-recourse debt. We believe that property level cash flows along with unfunded committed indebtedness and proceeds from the refinancing of outstanding secured indebtedness will be sufficient to fund the capital needs of our joint venture properties.

We continue to monitor closely the financial viability of our largest tenant, Citigroup, which accounted for approximately 8.2% of our annualized rent as of December 31, 2009, paying particular attention to the potentially negative effects of its capital position and reductions in its headcount on its tenancy in our portfolio. During 2008 and 2009, Citigroup benefited from substantial U.S. government financial investments, including (i) raising capital through the sale of Citigroup non-voting perpetual, cumulative preferred stock and warrants to purchase common stock issued to the U.S. Department of the Treasury, (ii) entering into a loss-sharing agreement with various U.S. government entities covering certain of Citigroup assets, and (iii) issuing senior unsecured debt guaranteed by the Federal Deposit Insurance Corporation. Most significantly, in December 2009 Citigroup issued approximately $17 billion of common stock and approximately $3.5 billion of tangible equity units representing the largest public equity offering in U.S. capital markets history. The proceeds from this offering were then used to repay the $20 billion Citigroup received from the U.S. government under the Troubled Assets Relief Program, or TARP, and served to significantly improve Citigroup's TIER 1 capital ratio.

We believe that these actions by Citigroup and the U.S. government have served to bolster Citigroup's viability as a tenant and significantly mitigated its short-term capital needs. In addition, while Citigroup has reduced its overall employee base, it has relocated personnel from other New York City properties not owned by us into the two properties where we have the largest exposure to Citigroup, 388–390 Greenwich Street, Manhattan and One Court Square in Queens. Both of these properties are held in joint ventures, however, thereby reducing our exposure to Citigroup from what it would have been had we been the sole owner of these properties.

## CASH FLOWS

The following summary discussion of our cash flows is based on our consolidated statements of cash flows in Financial Statements and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Cash and cash equivalents were $343.7 million and $726.9 million at December 31, 2009 and December 31, 2008, respectively, representing a decrease of $383.2 million. The increase was a result of the following increases and decreases in cash flows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2009 | 2008 | Increase (Decrease) |
| Net cash provided by operating activities | $ 275,211 | $296,011 | $ (20,800) |
| Net cash (used in) provided by investing activities | $(345,379) | $396,219 | $(741,598) |
| Net cash (used in) provided by financing activities | $(313,006) | $ (11,305) | $(301,701) |

Our principal source of operating cash flow is related to the leasing and operating of the properties in our portfolio. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and fund quarterly dividend and distribution payment requirements. At December 31, 2009, our portfolio was 93.4% occupied. Our structured finance and joint venture investments also provide a steady stream of operating cash flow to us.

Cash is used in investing activities to fund acquisitions, redevelopment projects and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills and invest in existing buildings that meet our investment criteria. During the year ended December 31, 2009, when compared to the year ended December 31, 2008, we used cash primarily for the following investing activities (in thousands):

| | |
|---|---|
| Acquisitions of real estate | $ 51,692 |
| Capital expenditures and capitalized interest | 41,404 |
| Escrow cash-capital improvements/acquisition deposits | (16,694) |
| Joint venture investments | (61,940) |
| Distributions from joint ventures | (419,390) |
| Proceeds from sales of real estate | (178,836) |
| Structured finance and other investments | (157,834) |

We generally fund our investment activity through free cash flow, property level financing, our 2007 unsecured revolving credit facility, term loans, senior unsecured notes, construction loans and, from time to time, we issue common or preferred stock. During the year ended December 31, 2009, when compared to the year ended December 31, 2008, we used cash for the following financing activities (in thousands):

| | |
|---|---|
| Proceeds from our debt obligations | $(1,602,715) |
| Repayments under our debt obligations | 644,340 |
| Proceeds from issuance of common stock | 387,138 |
| Repurchases of common stock | 151,986 |
| Noncontrolling interests, contributions in excess of distributions | (4,934) |
| Other financing activities | (6,564) |
| Dividends and distributions paid | 129,048 |

## CAPITALIZATION

As of December 31, 2009, we had 77,514,292 shares of common stock, 1,684,283 units of limited partnership interest in our operating partnership, 6,300,000 shares of our 7.625% Series C cumulative redeemable preferred stock, or Series C preferred stock and 4,000,000 shares of our 7.875% Series D cumulative redeemable preferred stock, or Series D preferred stock, outstanding.

In May 2009, we sold 19,550,000 shares of our common stock. The net proceeds from this offering (approximately $387.1 million) was primarily used to repurchase unsecured debt and for other corporate purposes.

In March 2007, our board of directors approved a stock repurchase plan under which we could buy up to $300.0 million shares of our common stock. This plan expired on December 31, 2008. As of December 31, 2008, we purchased and settled approximately $300.0 million, or 3.3 million shares of our common stock, at an average price of $90.49 per share.

## RIGHTS PLAN

We adopted a shareholder rights plan which provides, among other things, that when specified events occur, our common stockholders will be entitled to purchase from us a newly created series of junior preferred shares, subject to our ownership limit described below. The preferred share purchase rights are triggered by the earlier to occur of (1) ten days after the date of a purchase announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 17% or more of our outstanding shares of common stock or (2) ten business days after the commencement of or announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in the acquiring person becoming the beneficial owner of 17% or more of our outstanding common stock. The preferred share purchase rights would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

## DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

We filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP, which was declared effective in March 2009. We registered 2,000,000 shares of common stock under the DRIP. The DRIP commenced on September 24, 2001.

During the years ended December 31, 2009 and 2008, we issued approximately 180 and 4,300 shares of our common stock and received approximately $5,000 and $0.3 million of proceeds from dividend reinvestments and/or stock purchases under the DRIP, respectively. DRIP shares may be issued at a discount to the market price.

### 2003 LONG-TERM OUTPERFORMANCE COMPENSATION PROGRAM

Our board of directors adopted a long-term, seven-year compensation program for certain members of senior management. The program, which measured our performance over a 48-month period (unless terminated earlier) commencing April 1, 2003, provided that holders of our common equity were to achieve a 40% total return during the measurement period over a base share price of $30.07 per share before any restricted stock awards were granted. Plan participants would receive an award of restricted stock in an amount between 8% and 10% of the excess total return over the baseline return. At the end of the four-year measurement period, 40% of the award will vest on the measurement date and 60% of the award will vest ratably over the subsequent three years based on continued employment. Any restricted stock to be issued under the program will be allocated from our 2005 Stock Option and Incentive Plan (as defined below), which was previously approved through a stockholder vote in May 2005. In April 2007, the Compensation Committee determined that under the terms of the 2003 Outperformance Plan, as of March 31, 2007, the performance hurdles had been met and the maximum performance pool of $22,825,000, taking into account forfeitures, was established. In connection with this event, approximately 166,312 shares of restricted stock (as adjusted for forfeitures) were allocated under the 2005 Stock Option and Incentive Plan. These awards are subject to vesting as noted above. The fair value of the award on the date of grant was determined to be $3.2 million. This fair value is expensed over the term of the restricted stock award. Forty percent of the value of the award was amortized over four years and the balance will be amortized at 20% per year over five, six and seven years, respectively, such that 20% of year five, 16.67% of year six, and 14.29% of year seven will be recorded in year one. Compensation expense of $0.1 million, $0.2 million and $0.4 million related to this plan was recorded during the years ended December 31, 2009, 2008 and 2007, respectively.

### 2005 LONG-TERM OUTPERFORMANCE COMPENSATION PROGRAM

In December 2005, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2005 Outperformance Plan. Participants in the 2005 Outperformance Plan would share in a "performance pool" if our total return to stockholders for the period from December 1, 2005 through November 30, 2008 exceeded a cumulative total return to stockholders of 30% during the measurement period over a base share price of $68.51 per share. The size of the pool was to be 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum dilution cap equal to the lesser of 3% of our outstanding shares and units of limited partnership interest as of December 1, 2005 or $50.0 million. In the event the potential performance pool reached this dilution cap before November 30, 2008 and remained at that level or higher for 30 consecutive days, the performance period was to end early and the pool would be formed on the last day of such 30 day period. Each participant's award under the 2005 Outperformance Plan would be designated as a specified percentage of the aggregate performance pool to be allocated to him or her assuming the 30% benchmark was achieved. Individual awards would be made in the form of partnership units, or LTIP Units, that may ultimately become exchangeable for shares of our common stock or cash, at our election. LTIP Units would be granted prior to the determination of the performance pool; however, they were only to vest upon satisfaction of performance and other thresholds, and were not entitled to distributions until after the performance pool was established. The 2005 Outperformance Plan provides that if the pool was established, each participant would also be entitled to the distributions that would have been paid on the number of LTIP Units earned, had they been issued at the beginning of the performance period. Those distributions were to be paid in the form of additional LTIP Units.

After the performance pool was established, the earned LTIP Units are to receive regular quarterly distributions on a per unit basis equal to the dividends per share paid on our common stock, whether or not they are vested. Any LTIP Units not earned upon the establishment of the performance pool were to be automatically forfeited, and the LTIP Units that are earned are subject to time-based vesting, with one-third of the LTIP Units earned vesting on November 30, 2008 and each of the first two anniversaries thereafter based on continued employment. On June 14, 2006, the compensation committee of our board of directors determined that under the terms of the 2005 Outperformance Plan, as of June 8, 2006, the performance period had accelerated and the maximum performance pool of $49,250,000, taking into account forfeitures, was established. Individual awards under the 2005 Outperformance Plan are in the form of partnership units, or LTIP Units, in our operating partnership that, subject to certain conditions, are convertible into shares of the Company's common stock or cash, at our election. The total number of LTIP Units earned by all participants as a result of the establishment of the performance pool was 490,475 and are subject to time-based vesting.

The cost of the 2005 Outperformance Plan (approximately $8.0 million, subject to adjustment for forfeitures) will continue to be amortized into earnings through the final vesting period. We recorded approximately $2.3 million, $3.9 million and $2.1 million of compensation expense during the years ended December 31, 2009, 2008 and 2007, respectively, in connection with the 2005 Outperformance Plan.

## 2006 LONG-TERM OUTPERFORMANCE COMPENSATION PROGRAM

On August 14, 2006, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2006 Outperformance Plan. Participants in the 2006 Outperformance Plan will share in a "performance pool" if our total return to stockholders for the period from August 1, 2006 through July 31, 2009 exceeds a cumulative total return to stockholders of 30% during the measurement period over a base share price of $106.39 per share. The size of the pool will be 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum award of $60 million. The maximum award will be reduced by the amount of any unallocated or forfeited awards. In the event the potential performance pool reaches the maximum award before July 31, 2009 and remains at that level or higher for 30 consecutive days, the performance period will end early and the pool will be formed on the last day of such 30-day period. Each participant's award under the 2006 Outperformance Plan will be designated as a specified percentage of the aggregate performance pool. Assuming the 30% benchmark is achieved, the pool will be allocated among the participants in accordance with the percentage specified in each participant's participation agreement. Individual awards will be made in the form of partnership units, or LTIP Units, that, subject to vesting and the satisfaction of other conditions, are exchangeable for a per unit value equal to the then trading price of one share of our common stock. This value is payable in cash or, at our election, in shares of common stock. LTIP Units will be granted prior to the determination of the performance pool; however, they will only vest upon satisfaction of performance and time vesting thresholds under the 2006 Outperformance Plan, and will not be entitled to distributions until after the performance pool is established. Distributions on LTIP Units will equal the dividends paid on our common stock on a per unit basis. The 2006 Outperformance Plan provides that if the pool is established, each participant will also be entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period. Those distributions will be paid in the form of additional LTIP Units. Thereafter, distributions will be paid currently with respect to all earned LTIP Units that are a part of the performance pool, whether vested or unvested. Although the amount of earned awards under the 2006 Outperformance Plan (i.e., the number of LTIP Units earned) will be determined when the performance pool is established, not all of the awards will vest at that time. Instead, one-third of the awards will vest on July 31, 2009 and each of the first two anniversaries thereafter based on continued employment.

In the event of a change in control of our company on or after August 1, 2007 but before July 31, 2009, the performance pool will be calculated assuming the performance period ended on July 31, 2009 and the total return continued at the same annualized rate from the date of the change in control to July 31, 2009 as was achieved from August 1, 2006 to the date of the change in control; provided that the performance pool may not exceed 200% of what it would have been if it was calculated using the total return from August 1, 2006 to the date of the change in control and a pro rated benchmark. In either case, the performance pool will be formed as described above if the adjusted benchmark target is achieved and all earned awards will be fully vested upon the change in control. If a change in control occurs after the performance period has ended, all unvested awards issued under our 2006 Outperformance Plan will become fully vested upon the change in control.

The cost of the 2006 Outperformance Plan (approximately $16.4 million, subject to adjustment for forfeitures) will be amortized into earnings through the final vesting period. We recorded approximately $0.4 million, $12.2 million and $2.5 million of compensation expense during the years ended December 31, 2009, 2008 and 2007, respectively, in connection with the 2006 Outperformance Plan. During the fourth quarter of 2008, we and certain of our employees, including our executive officers, mutually agreed to cancel a portion of the 2006 Outperformance Plan. This charge of approximately $9.2 million is included in the compensation expense above. The performance criteria under the 2006 Outperformance Plan were not met. This plan expired with no value in 2009.

## SL GREEN REALTY CORP. 2010 NOTIONAL UNIT LONG-TERM COMPENSATION PLAN

In December 2009, the compensation committee of our board of directors approved the general terms of the SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Program, the 2010 Long-Term Compensation Plan. The 2010 Long-Term Compensation Plan is a long-term incentive compensation plan pursuant to which award recipients may earn, in the aggregate, from approximately $15 million up to approximately $75 million of LTIP Units in our operating partnership based on our stock price appreciation over three years beginning on December 1, 2009; provided that, if maximum performance has been achieved, approximately $25 million of awards may be earned at any time after the beginning of the second year and an additional approximately $25 million of awards may be earned at any time after the beginning of the third year. The amount of awards earned will range from approximately $15 million if our aggregate stock price appreciation during the performance period is 25% to the maximum amount of approximately $75 million if our aggregate stock price appreciation during the performance period is 50% or greater. No awards will be earned if our aggregate stock price appreciation is less than 25%. After the awards are earned, they will remain subject to vesting, with 50% of any LTIP Units earned vesting on January 1, 2013 and an additional 25% vesting on each of January 1, 2014 and 2015 based, in each case, on continued employment through the vesting date. We will not pay distributions on any LTIP Units until they are earned, at which time we will pay all distributions that would have been paid on the earned LTIP Units since the beginning of the performance period. The compensation committee and its advisors are in the process of finalizing the documentation of the 2010 Long-Term Compensation Plan. We recorded compensation expense of approximately $0.6 million in 2009 related to this plan.

## DEFERRED STOCK COMPENSATION PLAN FOR DIRECTORS

Under our Independent Director's Deferral Program, which commenced July 2004, our non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees and meeting fees. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The phantom stock units are convertible into an equal number of shares of common stock upon such directors' termination of service from the board of directors or a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly using the closing price of our common stock on the applicable dividend record date for the respective quarter. Each participating non-employee director's account is also credited for an equivalent amount of phantom stock units based on the dividend rate for each quarter.

During the year ended December 31, 2009, approximately 26,000 phantom stock units were earned. As of December 31, 2009, there were approximately 48,410 phantom stock units outstanding.

## EMPLOYEE STOCK PURCHASE PLAN

On September 18, 2007, our board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended, and has been adopted by the board to enable our eligible employees to purchase our shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. We filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock will be offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2009, approximately 36,313 shares of our common stock had been issued under the ESPP.

## AMENDED AND RESTATED 2005 STOCK OPTION AND INCENTIVE PLAN

Subject to adjustments upon certain corporate transactions or events, up to a maximum of 6,000,000 shares, or the Fungible Pool Limit, may be granted as options, restricted stock, phantom shares, dividend equivalent rights and other equity based awards under the Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan. At December 31, 2009, approximately 3.0 million shares of our common stock, calculated on a weighted basis, were available for issuance under the 2005 Plan, or 4.2 million shares if all shares available under the 2005 Plan were issued as five-year options.

## MARKET CAPITALIZATION

At December 31, 2009, borrowings under our mortgage loans, 2007 unsecured revolving credit facility, senior unsecured notes and trust preferred securities (including our share of joint venture debt of approximately $1.8 billion) represented 61.4% of our combined market capitalization of approximately $11.0 billion (based on a common stock price of $50.24 per share, the closing price of our common stock on the New York Stock Exchange on December 31, 2009). Market capitalization includes our consolidated debt, common and preferred stock and the conversion of all units of limited partnership interest in our operating partnership, and our share of joint venture debt.

## INDEBTEDNESS

The table below summarizes our consolidated mortgage debt, 2007 unsecured revolving credit facility, senior unsecured notes and trust preferred securities outstanding at December 31, 2009 and 2008, respectively (dollars in thousands).

| | December 31, | |
|---|---|---|
| Debt Summary: | 2009 | 2008 |
| **Balance** | | |
| Fixed rate | $3,256,081 | $3,918,454 |
| Variable rate – hedged | 60,000 | 60,000 |
| Total fixed rate | 3,316,081 | 3,978,454 |
| Variable rate | 1,110,391 | 1,427,677 |
| Variable rate – supporting variable rate assets | 466,216 | 175,428 |
| Total variable rate | 1,576,607 | 1,603,105 |
| Total | $4,892,688 | $5,581,559 |
| **Percent of Total Debt:** | | |
| Total fixed rate | 67.8% | 71.3% |
| Variable rate | 32.2% | 28.7% |
| Total | 100.0% | 100.0% |
| **Effective Interest Rate for the Year:** | | |
| Fixed rate | 5.60% | 5.37% |
| Variable rate | 1.45% | 4.05% |
| Effective interest rate | 4.30% | 5.24% |

The variable rate debt shown above generally bears interest at an interest rate based on 30-day LIBOR (0.23% and 0.44% at December 31, 2009 and 2008, respectively). Our consolidated debt at December 31, 2009 had a weighted average term to maturity of approximately 4.9 years.

Certain of our structured finance investments, with a carrying value of approximately $466.2 million, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt at December 31, 2009.

## MORTGAGE FINANCING

As of December 31, 2009, our total mortgage debt (excluding our share of joint venture debt of approximately $1.8 billion) consisted of approximately $2.3 billion of fixed rate debt, including hedged variable rate debt, with an effective weighted average interest rate of approximately 5.98% and approximately $262.5 million of variable rate debt with an effective weighted average interest rate of approximately 2.22%.

## CORPORATE INDEBTEDNESS

## 2007 UNSECURED REVOLVING CREDIT FACILITY

We have a $1.5 billion unsecured revolving credit facility, or the 2007 unsecured revolving credit facility. The 2007 unsecured revolving credit facility bears interest at a spread ranging from 70 basis points to 110 basis points over the 30-day LIBOR which, based on our leverage ratio is currently 90 basis points. This facility matures in June 2011 and has a one-year as-of-right extension option. The 2007 unsecured revolving credit facility also requires a 12.5 to 20 basis point fee on the unused balance payable annually in arrears. The 2007 unsecured revolving credit facility had approximately $1.37 billion outstanding at December 31, 2009. Availability under the 2007 unsecured revolving credit facility was further reduced at December 31, 2009 by the issuance of approximately $27.1 million in letters of credit. The 2007 unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

In August 2009, we amended our 2007 unsecured revolving credit facility to provide us with the ability to acquire a portion of the loans outstanding under our 2007 unsecured revolving credit facility. In August 2009, a subsidiary of ours repurchased approximately $48.0 million of the total commitment, and we realized gains on early extinguishment of debt of approximately $7.1 million.

## TERM LOANS

In December 2007, we closed on a $276.7 million ten-year term loan which carried an effective fixed interest rate of 5.19%. This loan was secured by our interest in 388 and 390 Greenwich Street. This secured term loan, which was scheduled to mature in December 2017, was repaid and terminated in May 2008.

## SENIOR UNSECURED NOTES

The following table sets forth our senior unsecured notes and other related disclosures by scheduled maturity date as of December 31, 2009 (in thousands):

| Issuance | Accreted Balance | Coupon Rate(5) | Term (in Years) | Maturity |
|---|---|---|---|---|
| January 22, 2004(1)(2) | $123,607 | 5.15% | 7 | January 15, 2011 |
| August 13, 2004(1) | 150,000 | 5.875% | 10 | August 15, 2014 |
| March 31, 2006(1) | 274,727 | 6.00% | 10 | March 31, 2016 |
| June 27, 2005(1)(3) | 114,821 | 4.00% | 20 | June 15, 2025 |
| March 26, 2007(4) | 159,905 | 3.00% | 20 | March 30, 2027 |
| | $823,060 | | | |

(1) Assumed as part of the Reckson Merger.

(2) During the year ended December 31, 2009, we repurchased approximately $26.4 million of these notes and realized net gains on early extinguishment of debt of approximately $2.5 million.

(3) Exchangeable senior debentures which are callable after June 17, 2010 at 100% of par. In addition, the debentures can be put to us, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2010, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the Reckson Merger, the adjusted exchange rate for the debentures is 7.7461 shares of our common stock per $1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is $1.3491. During the year ended December 31, 2009, we repurchased approximately $69.1 million of these notes and realized net gains on early extinguishment of debt of approximately $1.0 million.

(4) In March 2007, we issued $750.0 million of these convertible notes. Interest on these notes is payable semi-annually on March 30 and September 30. The notes have an initial exchange rate representing an exchange price that is at a 25.0% premium to the last reported sale price of our common stock on March 20, 2007, or $173.30. The initial exchange rate is subject to adjustment under certain circumstances. The notes are senior unsecured obligations of our operating partnership and are exchangeable upon the occurrence of specified events, and during the period beginning on the twenty-second scheduled trading day prior to the maturity date and ending on the second business day prior to the maturity date, into cash or a combination of cash and shares of our common stock, if any, at our option. The notes are redeemable, at our option, on and after April 15, 2012. We may be required to repurchase the notes on March 30, 2012, 2017 and 2022, and upon the occurrence of certain designated events. The net proceeds from the offering were approximately $736.0 million, after deducting estimated fees and expenses. The proceeds of the offering were used to repay certain of our existing indebtedness, make investments in additional properties, and make open market purchases of our common stock and for general corporate purposes. During the year ended December 31, 2009, we repurchased approximately $421.1 million of these bonds and realized net gains on early extinguishment of debt of approximately $75.4 million.

(5) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.

In March 2009, the $200.0 million, 7.75% unsecured notes, assumed as part of the Reckson Merger, matured and were redeemed at par.

On April 27, 2007, the $50.0 million 6.0% unsecured notes scheduled to mature in June 2007 and the $150.0 million 7.20% unsecured notes scheduled to mature in August 2007, assumed as part of the Reckson Merger, were redeemed.

## JUNIOR SUBORDINATE DEFERRABLE INTEREST DEBENTURES

In June 2005, we issued $100.0 million of Trust Preferred Securities, which are reflected on the balance sheet at December 31, 2007 as Junior Subordinate Deferrable Interest Debentures. The proceeds were used to repay our unsecured revolving credit facility. The $100.0 million of junior subordinate deferrable interest debentures have a 30-year term ending July 2035. They bear interest at a fixed rate of 5.61% for the first 10 years ending July 2015. Thereafter, the rate will float at three-month LIBOR plus 1.25%. The securities are redeemable at par beginning in July 2010.

## RESTRICTIVE COVENANTS

The terms of our 2007 unsecured revolving credit facility and senior unsecured notes include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations.

The dividend restriction referred to above provides that, except to enable us to continue to qualify as a REIT for Federal income tax purposes, we will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of funds from operations for such period, subject to certain other adjustments. As of December 31, 2009 and 2008, we were in compliance with all such covenants.

## MARKET RATE RISK

We are exposed to changes in interest rates primarily from our floating rate borrowing arrangements. We use interest rate derivative instruments to manage exposure to interest rate changes. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2009 and 2008, would increase our annual interest cost by approximately $15.2 million and $15.3 million and would increase our share of joint venture annual interest cost by approximately $6.4 million and $7.4 million, respectively.

We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is recognized immediately in earnings.

Approximately $3.3 billion of our long-term debt bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The interest rate on our variable rate debt and joint venture debt as of December 31, 2009 ranged from LIBOR plus 75 basis points to LIBOR plus 400 basis points.

## CONTRACTUAL OBLIGATIONS

Combined aggregate principal maturities of mortgages and notes payable, 2007 unsecured revolving credit facility, senior unsecured notes (net of discounts), trust preferred securities, our share of joint venture debt, including as-of-right extension options, estimated interest expense, and our obligations under our capital and ground leases, as of December 31, 2009 are as follows (in thousands):

| | 2010 | 2011 | 2012 | 2013 | 2014 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Property Mortgages | $ 28,557 | $269,185 | $ 149,975 | $454,396 | $ 30,052 | $1,663,387 | $2,595,552 |
| Revolving Credit Facility | – | – | 1,374,076 | – | – | – | 1,374,076 |
| Trust Preferred Securities | – | – | – | – | – | 100,000 | 100,000 |
| Senior Unsecured Notes | 114,821 | 123,607 | 159,905 | – | 150,000 | 274,727 | 823,060 |
| Capital lease | 1,451 | 1,555 | 1,555 | 1,555 | 1,555 | 45,649 | 53,320 |
| Ground leases | 31,053 | 28,929 | 28,179 | 28,179 | 28,179 | 580,600 | 725,119 |
| Estimated interest expense | 211,080 | 185,262 | 158,456 | 142,484 | 126,509 | 308,931 | 1,132,722 |
| Joint venture debt | 115,130 | 206,951 | 60,759 | 6,684 | 334,499 | 1,124,699 | 1,848,722 |
| Total | $502,092 | $815,489 | $1,932,905 | $633,298 | $670,794 | $4,097,993 | $8,652,571 |

## OFF-BALANCE SHEET ARRANGEMENTS

We have a number of off-balance sheet investments, including joint ventures and structured finance investments. These investments all have varying ownership structures. Substantially all of our joint venture arrangements are accounted for under the equity method of accounting as we have the ability to exercise significant influence, but not control over the operating and financial decisions of these joint venture arrangements. Our off-balance sheet arrangements are discussed in Note 5, "Structured Finance Investments" and Note 6, "Investments in Unconsolidated Joint Ventures" in the accompanying financial statements. Additional information about the debt of our unconsolidated joint ventures is included in "Contractual Obligations" above.

## CAPITAL EXPENDITURES

We estimate that for the year ending December 31, 2010, we will incur, approximately $107.9 million of capital expenditures which are net of loan reserves, (including tenant improvements and leasing commissions) on existing wholly-owned properties and our share of capital expenditures at our joint venture properties which are net of loan reserves, will be approximately $31.6 million. We expect to fund these capital expenditures with operating cash flow, property level financings and cash on hand. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect that these financing requirements will be met in a similar fashion. We believe that we will have sufficient resources to satisfy our capital needs during the next 12-month period. Thereafter, we expect our capital needs will be met through a combination of cash on hand, net cash provided by operations, borrowings, potential asset sales or additional equity or debt issuances.

## DIVIDENDS

We expect to pay dividends to our stockholders based on the distributions we receive from the operating partnership primarily from property revenues net of operating expenses or, if necessary, from working capital or borrowings.

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends paid deduction and net capital gains. We intend to continue to pay regular quarterly dividends to our stockholders. Based on our current annual dividend rate of $0.40 per share, we would pay approximately $31.0 million in dividends to our common stockholders on an annual basis. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under our unsecured revolving credit facility, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable. We reduced our annual dividend from $3.15 in 2008 in order to conserve liquidity.

## RELATED PARTY TRANSACTIONS

### Cleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors. First Quality also provides additional services directly to tenants on a separately negotiated basis. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corp. has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to tenants above the base services specified in their lease agreements. The Service Corp. received approximately $1.6 million, $1.4 million and $0.7 million for the years ended December 31, 2009, 2008 and 2007, respectively. First Quality leases 26,800 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2015. We received approximately $75,000 in rent from Alliance in 2007. We sold this property in March 2007. We paid Alliance approximately $14.9 million, $15.1 million and $14.8 million for three years ended December 31, 2009, respectively, for these services (excluding services provided directly to tenants).

### Leases

Nancy Peck and Company leases 1,003 square feet of space at 420 Lexington Avenue under a lease that ends in August 2015. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due under the lease is $35,516 per year. From February 2007 through December 2008, Nancy Peck and Company leased 507 square feet of space at 420 Lexington Avenue pursuant to a lease which provided for annual rental payments of approximately $15,210. Prior to February 2007, Nancy Peck and Company leased 2,013 square feet of space at 420 Lexington Avenue, pursuant to a lease that expired on June 30, 2005 and which provided for annual rental payments of approximately $66,000. The rent due pursuant to that lease was offset against a consulting fee of $11,025 per month an affiliate paid to her pursuant to a consulting agreement, which was canceled in July 2006.

### Management Fees

S.L. Green Management Corp. receives property management fees from certain entities in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entities was approximately $351,700 in 2009, $353,500 in 2008 and $297,100 in 2007.

### Brokerage Services

Cushman & Wakefield Sonnenblick-Goldman, LLC, or Sonnenblick, a nationally recognized real estate investment banking firm, provided mortgage brokerage services to us. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financings. In 2009, we paid approximately $428,000 to Sonnenblick in connection with the refinancing of 420 Lexington Avenue. In 2007, we paid approximately $2.0 million to Sonnenblick in connection with the financings obtained for 388–390 Greenwich Street, 16 Court Street, 485 Lexington Avenue and 1604 Broadway.

### Gramercy Capital Corp.

Our related party transactions with Gramercy are discussed in Note 13, "Related Party Transactions" in the accompanying financial statements. Management has evaluated its investment in Gramercy in accordance with notice 2008–234 issued by the joint SEC Office of the Chief Accountant and the FASB Staff which provided further guidance on fair value accounting. Management evaluated (1) the length of time and the extent to which the market value of our investment in Gramercy has been less than cost, (2) the financial condition and near-term prospects of Gramercy, the issuer, and (3) the intent and ability of SL Green, the holder, to retain its investment for a period of time sufficient enough to allow for anticipated recovery. Based on this evaluation, we recognized a loss on our investment in Gramercy of approximately $147.5 million in the fourth quarter of 2008.

### Insurance

We maintain "all-risk" property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within two property insurance portfolios and liability insurance. The first property portfolio maintains a blanket limit of $600.0 million per occurrence for the majority of the New York City properties in our portfolio with a sub-limit of $450.0 million for acts of terrorism. This policy expires in December 31, 2010. The second portfolio maintains a limit of $600.0 million per occurrence, including terrorism, for a few New York City properties and the majority of the Suburban properties. The second property policy expires on December 31, 2010. Additional coverage may be purchased on a stand-alone basis for certain assets. The liability policies cover all our properties and provide limits of $200.0 million per property. The liability policies expire on October 31, 2010.

In October 2006, we formed a wholly-owned taxable REIT subsidiary, Belmont Insurance Company, or Belmont, to act as a captive insurance company and be one of the elements of our overall insurance program. Belmont was formed in an effort to, among other reasons; stabilize to some extent the fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism, NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability and D&O coverage.

- Terrorism: Belmont acts as a direct property insurer with respect to a portion of our terrorism coverage for the New York City properties. Effective September 1, 2009, Belmont increased its terrorism coverage from $250 million to $400 million in an upper layer. In addition Belmont purchased reinsurance to reinsure the retained insurable risk not otherwise covered under Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007, or TRIPRA, as detailed below.
- NBCR: Belmont acts as a direct insurer of NBCR coverage up to $250 million on the entire property portfolio.
- General Liability: Belmont insures a deductible on the general liability insurance with a $150,000 deductible per occurrence and a $2.2 million annual aggregate stop loss limit. We have secured an excess insurer to protect against catastrophic liability losses above the $150,000 deductible per occurrence and a stop loss if aggregate claims exceed $2.2 million. Belmont has retained a third-party administrator to manage all claims within the deductible and we anticipate that direct management of liability claims will improve loss experience and ultimately lower the cost of liability insurance in future years. In addition, we have an umbrella liability policy of $200.0 million.
- Environmental Liability: Belmont insures a deductible of $1 million per occurrence on a $30 million environmental liability policy covering the entire portfolio.

As long as we own Belmont, we are responsible for its liquidity and capital resources, and the accounts of Belmont are part of our consolidated financial statements. If we experience a loss and Belmont is required to pay under its insurance policy, we would ultimately record the loss to the extent of Belmont's required payment. Therefore, insurance coverage provided by Belmont should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

TRIA, which was enacted in November 2002, was renewed on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007) until December 31, 2014. The law extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of foreign and domestic terrorism. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases and our 2007 unsecured revolving credit facility, contain customary covenants requiring us to maintain insurance. There can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from "all-risk" insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments that allows the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders insist on full coverage for these risks and prevail in asserting that we are required to maintain such coverage, it could result in substantially higher insurance premiums.

We have a 45% interest in the property at 1221 Avenue of the Americas, where we participate with The Rockefeller Group Inc., which carries a blanket policy providing $1.0 billion of "all-risk" property insurance, including terrorism coverage, and a 49.9% interest in the property at 100 Park Avenue, where we participate with Prudential, which carries a blanket policy of $500.0 million of "all-risk" property insurance, including terrorism coverage. We own One Madison Avenue, which is under a triple net lease with insurance provided by the tenant, Credit Suisse Securities (USA) LLC, or CS. We monitor the coverage provided by CS to make sure that our asset is adequately protected. We have a 50.6% interest in the property at 388 and 390 Greenwich Street, where we participate with SITQ, which is leased on a triple net basis to Citigroup, N.A., which provides insurance coverage directly. We monitor all triple net leases to ensure that tenants are providing adequate coverage. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, such as an act of terrorism, we may not have sufficient coverage to replace certain properties.

## FUNDS FROM OPERATIONS

Funds From Operations, or FFO, is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002 defines FFO as net income (loss) (computed in accordance with Generally Accepted Accounting Principles, or GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, particularly those that own and operate commercial office properties.

We also use FFO as one of several criteria to determine performance-based bonuses for members of our senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

FFO for the years ended December 31, 2009, 2008 and 2007 are as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| Net income attributable to SL Green common stockholders | $ 37,669 | $360,935 | $ 626,355 |
| Add: | | | |
| Depreciation and amortization | 226,545 | 216,583 | 174,593 |
| Discontinued operations depreciation adjustment | 708 | 6,656 | 12,456 |
| Unconsolidated joint ventures depreciation and noncontrolling interests adjustment | 39,964 | 42,559 | 27,538 |
| Net income attributable to noncontrolling interests | 14,121 | 23,238 | 36,467 |
| Loss on equity investment in marketable securities | 396 | 147,489 | – |
| Less: | | | |
| Gain (loss) on sale of discontinued operations | (6,841) | 348,573 | 501,812 |
| Gain on sale of joint venture property/partial interest | 6,691 | 103,056 | 31,509 |
| Depreciation on non-rental real estate assets | 736 | 975 | 902 |
| Funds from Operations – available to common stockholders | 318,817 | 344,856 | 343,186 |
| Dividends on convertible preferred shares | – | – | – |
| Funds from Operations – available to all stockholders | $ 318,817 | $344,856 | $ 343,186 |
| Cash flows provided by operating activities | $ 275,211 | $296,011 | $ 406,705 |
| Cash flows (used in) provided by investing activities | $(345,379) | $396,219 | $(2,334,337) |
| Cash flows (used in) provided by financing activities | $(313,006) | $ (11,305) | $ 1,856,418 |

## INFLATION

Substantially all of the office leases provide for separate real estate tax and operating expense escalations as well as operating expense recoveries based on increases in the Consumer Price Index or other measures such as porters' wage. In addition, many of the leases provide for fixed base rent increases. We believe that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

## ACCOUNTING STANDARDS UPDATES

The Accounting Standards Updates are discussed in Note 2, "Significant Accounting Policies—Accounting Standards Updates" in the accompanying financial statements.

## FORWARD-LOOKING INFORMATION

This report includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Such forward-looking statements relate to, without limitation, our future capital expenditures, dividends and acquisitions (including the amount and nature thereof) and other development trends of the real estate industry and the Manhattan, Westchester County, Connecticut, Long Island and New Jersey office markets, business strategies, and the expansion and growth of our operations. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Act and Section 21E of the Exchange Act. Such statements are subject to a number of assumptions, risks and uncertainties which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," "project," "continue," or the negative of these words, or other similar words or terms. Readers are cautioned not to place undue reliance on these forward-looking statements. Among the factors about which we have made assumptions are:

- general economic or business (particularly real estate) conditions, either nationally or in the New York Metro area being less favorable than expected if the credit crisis continues;
- reduced demand for office space;
- risks of real estate acquisitions;
- risks of structured finance investments and borrowers;
- availability and creditworthiness of prospective tenants and borrowers;
- tenant bankruptcies;
- adverse changes in the real estate markets, including increasing vacancy, increasing availability of sublease space, decreasing rental revenue and increasing insurance costs;
- availability, terms and deployment of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- our ability to comply with financial covenants in our debt instruments;
- declining real estate valuations and impairment charges;
- 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 REIT, 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 REITs and certain of our subsidiaries to qualify as taxable REIT 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 REITs;
- competition with other companies;
- availability of and our ability to attract and retain qualified personnel;
- 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 REITs 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 future events, new information or otherwise.

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect the Company's business and financial performance. Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

## QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Rate Risk" for additional information regarding our exposure to interest rate fluctuations.

The table below presents principal cash flows based upon maturity dates of our debt obligations and structured finance investments and the related weighted-average interest rates by expected maturity dates, including as-of-right extension options, as of December 31, 2009 (in thousands):

| | Long-Term Debt | | | | Structured Finance | |
|---|---|---|---|---|---|---|
| Date | Fixed Rate | Average Interest Rate | Variable Rate | Average Interest Rate | Amount | Weighted Yield |
| 2010 | $ 141,905 | 5.91% | $ 1,473 | 1.24% | $413,733 | 7.72% |
| 2011 | 368,680 | 5.90% | 24,112 | 1.23% | 7,000 | 11.71% |
| 2012 | 251,672 | 5.88% | 1,432,286 | 2.29% | 56,020 | 8.87% |
| 2013 | 335,660 | 5.90% | 118,736 | 2.29% | 23,455 | 13.50% |
| 2014 | 180,052 | 5.94% | – | –% | 41,791 | 12.22% |
| Thereafter | 2,038,112 | 5.96% | – | –% | 243,613 | 8.03% |
| Total | $3,316,081 | 5.96% | $1,576,607 | 1.33% | $785,612(1) | 8.80% |
| Fair Value | $2,917,553 | | $1,463,825 | | | |

(1) Our structured finance investments had an estimated fair value ranging between $471.8 million and $707.2 million at December 31, 2009.

The table below presents the gross principal cash flows based upon maturity dates of our share of our joint venture debt obligations and the related weighted-average interest rates by expected maturity dates as of December 31, 2009 (in thousands):

| | Long-Term Debt | | | |
|---|---|---|---|---|
| Date | Fixed Rate | Average Interest Rate | Variable Rate | Average Interest Rate |
| 2010 | $ 29,410 | 4.49% | $ 85,720 | 2.94% |
| 2011 | 405 | 4.46% | 206,546 | 3.31% |
| 2012 | 12,870 | 4.45% | 47,889 | 2.88% |
| 2013 | 1,182 | 4.45% | 5,502 | 3.03% |
| 2014 | 97,334 | 4.42% | 237,166 | 3.03% |
| Thereafter | 1,108,698 | 3.88% | 16,000 | 1.39% |
| Total | $1,249,899 | 4.31% | $598,823 | 3.00% |
| Fair Value | $1,002,071 | | $588,574 | |

The table below lists all of our derivative instruments, which are hedging variable rate debt, including joint ventures, and their related fair value as of December 31, 2009 (in thousands):

| | Asset Hedged | Benchmark Rate | Notional Value | Strike Rate | Effective Date | Expiration Date | Fair Value |
|---|---|---|---|---|---|---|---|
| Interest Rate Swap | Credit facility | LIBOR | $ 60,000 | 4.364% | 1/2007 | 5/2010 | $ (844) |
| Interest Rate Swap | Anticipated debt | 10-Year Treasury | 105,000 | 4.910% | 12/2009 | 12/2019 | (8,271) |
| Interest Rate Swap | Anticipated debt | 10-Year Treasury | 100,000 | 4.705% | 12/2009 | 12/2019 | (6,186) |
| Interest Rate Cap | Mortgage | LIBOR | 128,000 | 6.000% | 2/2009 | 2/2010 | – |
| Interest Rate Cap | Mortgage | LIBOR | 128,000 | 6.000% | 2/2010 | 2/2011 | 5 |
| Total Consolidated Hedges | | | $393,000 | | | | $(15,296) |

In addition to these derivative instruments, some of our joint venture loan agreements require the joint venture to purchase interest rate caps on its debt. All such interest rate caps were out of the money and had a value of $4,100 at December 31, 2009. One of our joint ventures had a LIBOR swap in place on a national amount of $560.0 million. This hedge, which matures in December 2017, had a fair value obligation of approximately $17.1 million at December 31, 2009.

## Consolidated Balance Sheets

| (Amounts in thousands, except per share data) | December 31, 2009 | 2008 |
|---|---|---|
| **Assets** | | |
| Commercial real estate properties, at cost: | | |
| Land and land interests | $ 1,379,052 | $ 1,386,090 |
| Building and improvements | 5,585,584 | 5,544,019 |
| Building leasehold and improvements | 1,280,256 | 1,259,472 |
| Property under capital lease | 12,208 | 12,208 |
| | 8,257,100 | 8,201,789 |
| Less: accumulated depreciation | (738,422) | (546,545) |
| | 7,518,678 | 7,655,244 |
| Assets held for sale | 992 | 184,035 |
| Cash and cash equivalents | 343,715 | 726,889 |
| Restricted cash | 94,495 | 105,954 |
| Investment in marketable securities | 58,785 | 9,570 |
| Tenant and other receivables, net of allowance of $14,271 and $16,898 in 2009 and 2008, respectively | 22,483 | 30,882 |
| Related party receivables | 8,570 | 7,676 |
| Deferred rents receivable, net of allowance of $24,347 and $19,648 in 2009 and 2008, respectively | 166,981 | 145,561 |
| Structured finance investments, net of discount of $46,802 and $18,764 and allowance of $93,844 and $45,766 in 2009 and 2008, respectively | 784,620 | 679,814 |
| Investments in unconsolidated joint ventures | 1,058,369 | 975,483 |
| Deferred costs, net | 139,257 | 133,052 |
| Other assets | 290,632 | 330,193 |
| Total assets | $10,487,577 | $10,984,353 |
| **Liabilities** | | |
| Mortgage notes payable | $ 2,595,552 | $ 2,591,358 |
| Revolving credit facility | 1,374,076 | 1,389,067 |
| Senior unsecured notes | 823,060 | 1,501,134 |
| Accrued interest payable and other liabilities | 34,734 | 70,692 |
| Accounts payable and accrued expenses | 125,982 | 133,100 |
| Deferred revenue/gain | 349,669 | 427,936 |
| Capitalized lease obligation | 16,883 | 16,704 |
| Deferred land leases payable | 18,013 | 17,650 |
| Dividend and distributions payable | 12,006 | 26,327 |
| Security deposits | 39,855 | 34,561 |
| Liabilities related to assets held for sale | – | 106,534 |
| Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities | 100,000 | 100,000 |
| Total liabilities | 5,489,830 | 6,415,063 |
| Commitments and Contingencies | – | – |
| Noncontrolling interests in operating partnership | 84,618 | 87,330 |
| **Equity** | | |
| SL Green stockholders equity: | | |
| Series C preferred stock, $0.01 par value, $25.00 liquidation preference, 6,300 issued and outstanding at December 31, 2009 and 2008, respectively | 151,981 | 151,981 |
| Series D preferred stock, $0.01 par value, $25.00 liquidation preference, 4,000 issued and outstanding at December 31, 2009 and 2008, respectively | 96,321 | 96,321 |
| Common stock, $0.01 par value 160,000 shares authorized and 80,875 and 60,404 issued and outstanding at December 31, 2009 and 2008, respectively (including 3,360 shares at both December 31, 2009 and 2008 held in Treasury, respectively) | 809 | 604 |
| Additional paid-in-capital | 3,525,901 | 3,079,159 |
| Treasury stock at cost | (302,705) | (302,705) |
| Accumulated other comprehensive loss | (33,538) | (54,747) |
| Retained earnings | 949,669 | 979,939 |
| Total SL Green stockholders' equity | 4,388,438 | 3,950,552 |
| Noncontrolling interests in other partnerships | 524,691 | 531,408 |
| Total equity | 4,913,129 | 4,481,960 |
| Total liabilities and equity | $10,487,577 | $10,984,353 |

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

| (Amounts in thousands, except per share data) | Year Ended December 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| Revenues | | | |
| Rental revenue, net | $ 773,216 | $ 773,960 | $662,481 |
| Escalation and reimbursement | 124,455 | 123,038 | 108,954 |
| Preferred equity and investment income | 65,609 | 110,919 | 82,692 |
| Other income | 47,379 | 71,505 | 120,703 |
| Total revenues | 1,010,659 | 1,079,422 | 974,830 |
| Expenses | | | |
| Operating expenses including $14,882 (2009), $15,104 (2008) and $14,820 (2007) to affiliates | 217,559 | 228,191 | 207,978 |
| Real estate taxes | 141,723 | 126,304 | 120,972 |
| Ground rent | 31,826 | 31,494 | 32,389 |
| Interest expense, net of interest income | 236,300 | 291,536 | 256,941 |
| Amortization of deferred financing costs | 7,947 | 6,433 | 15,893 |
| Depreciation and amortization | 226,545 | 216,583 | 174,257 |
| Loan loss and other investment reserves | 150,510 | 115,882 | – |
| Marketing, general and administrative | 73,992 | 104,583 | 93,045 |
| Total expenses | 1,086,402 | 1,121,006 | 901,475 |
| Income (loss) from continuing operations before equity in net income of unconsolidated joint ventures, gain on sale, noncontrolling interest and discontinued operations | (75,743) | (41,584) | 73,355 |
| Equity in net income from unconsolidated joint ventures | 62,878 | 59,961 | 46,765 |
| Income (loss) from continuing operations before gains, noncontrolling interest and discontinued operations | (12,865) | 18,377 | 120,120 |
| Equity in net gain on sale of interest in unconsolidated joint venture | 6,691 | 103,056 | 31,509 |
| Loss on equity investment in marketable securities | (396) | (147,489) | – |
| Gain on early extinguishment of debt | 86,006 | 77,465 | – |
| Income from continuing operations | 79,436 | 51,409 | 151,629 |
| Net (loss) income from discontinued operations | (930) | 4,066 | 29,256 |
| Gain (loss) on sale of discontinued operations | (6,841) | 348,573 | 501,812 |
| Net income | 71,665 | 404,048 | 682,697 |
| Net income attributable to noncontrolling interests in the operating partnership | (1,221) | (14,561) | (26,084) |
| Net income attributable to noncontrolling interests in other partnerships | (12,900) | (8,677) | (10,383) |
| Net income attributable to SL Green | 57,544 | 380,810 | 646,230 |
| Preferred stock dividends | (19,875) | (19,875) | (19,875) |
| Net income attributable to SL Green common stockholders | $ 37,669 | $ 360,935 | $626,355 |
| Amounts attributable to SL Green common stockholders: | | | |
| Income (loss) from continuing operations | $ 38,716 | $ (77,085) | $ 86,269 |
| Discontinued operations | (901) | 3,908 | 28,087 |
| Gain (loss) on sale of discontinued operations | (6,630) | 335,055 | 481,750 |
| Gain (loss) on sale of unconsolidated joint ventures/real estate | 6,484 | 99,057 | 30,249 |
| Net income | $ 37,669 | $ 360,935 | $626,355 |
| Basic earnings per share: | | | |
| Net income (loss) from continuing operations before gain on sale and discontinued operations | $ 0.56 | $ (1.33) | $ 1.47 |
| Net (loss) income from discontinued operations, net of noncontrolling interest | (0.01) | 0.07 | 0.47 |
| Gain (loss) on sale of discontinued operations, net of noncontrolling interest | (0.10) | 5.77 | 8.20 |
| Gain on sale of joint venture property/partial interest | 0.09 | 1.71 | 0.52 |
| Net income attributable to SL Green common stockholders | $ 0.54 | $ 6.22 | $ 10.66 |
| Diluted earnings per share: | | | |
| Net income (loss) from continuing operations before gain on sale and discontinued operations | $ 0.56 | $ (1.32) | $ 1.45 |
| Net (loss) income from discontinued operations | (0.01) | 0.07 | 0.47 |
| Gain (loss) on sale of discontinued operations | (0.10) | 5.75 | 8.11 |
| Gain on sale of joint venture property/partial interest | 0.09 | 1.70 | 0.51 |
| Net income attributable to SL Green common stockholders | $ 0.54 | $ 6.20 | $ 10.54 |
| Basic weighted average common shares outstanding | 69,735 | 57,996 | 58,742 |
| Diluted weighted average common shares and common share equivalents outstanding | 72,044 | 60,598 | 61,885 |

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

## Consolidated Statements of Equity

| amounts in thousands,<br>(Unaudited, and amounts in thousands, except per share data) | Series C<br>Preferred Stock | Series D<br>Preferred Stock |
|---|---|---|
| Balance at December 31, 2006 | $151,981 | $96,321 |
| Comprehensive Income: | | |
| Net income | | |
| Net unrealized loss on derivative instruments | | |
| SL Green's share of joint venture net unrealized loss on derivative instruments | | |
| Preferred dividends | | |
| Redemption of units and DRIP proceeds | | |
| Deferred compensation plan & stock award, net | | |
| Amortization of deferred compensation plan | | |
| Proceeds from stock options exercised | | |
| Common stock issued in connection with Reckson Merger | | |
| Treasury stock – at cost | | |
| Cumulative effect of accounting charge | | |
| Contributions from noncontrolling interests | | |
| Distributions to noncontrolling interests | | |
| Deconsolidation of noncontrolling interests | | |
| Cash distribution declared ($2.89 per common share, none of which represented a return of capital for federal income tax purposes) | | |
| Balance at December 31, 2007 | $151,981 | $96,321 |
| Comprehensive Income: | | |
| Net income | | |
| Net unrealized loss on derivative instruments | | |
| SL Green's share of joint venture net unrealized loss on derivative instruments | | |
| Preferred dividends | | |
| Redemption of units and DRIP proceeds | | |
| Deferred compensation plan & stock award, net | | |
| Amortization of deferred compensation plan | | |
| Proceeds from stock options exercised | | |
| Treasury stock – at cost | | |
| Contributions from noncontrolling interests | | |
| Distributions to noncontrolling interests | | |
| Deconsolidation of noncontrolling interests | | |
| Cash distribution declared ($2.7375 per common share none of which represented a return of capital for federal income tax purposes) | | |
| Balance at December 31, 2008 | $151,981 | $96,321 |
| Comprehensive Income: | | |
| Net income | | |
| Net unrealized gain on derivative instruments | | |
| SL Green's share of joint venture net unrealized loss on derivative instruments | | |
| Unrealized gain on investments | | |
| Preferred dividends | | |
| Redemption of units and DRIP proceeds | | |
| Reallocation of noncontrolling interest in the operating partnership | | |
| Deferred compensation plan & stock award, net | | |
| Amortization of deferred compensation plan | | |
| Net proceeds from common stock offering | | |
| Proceeds from stock options exercised | | |
| Distributions to noncontrolling interests | | |
| Cash distribution declared ($0.675 per common share none of which represented a return of capital for federal income tax purposes) | | |
| Balance at December 31, 2009 | $151,981 | $96,321 |

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

| SL Green Realty Corp. Stockholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Common Stock | | | | Accumulated | | | | |
| Shares | Par Value | Additional Paid-In-Capital | Treasury Stock | Comprehensive Income (Loss) | Retained Earnings | Noncontrolling Interests | Total | Comprehensive Income |
| 49,840 | $498 | $1,809,893 | $ – | $13,971 | $ 322,219 | $ 56,162 | $2,451,045 | $225,865 |
| | | | | | 646,230 | 17,105 | 663,335 | $663,335 |
| | | | | (9,226) | | | (9,226) | (9,226) |
| | | | | | | | | (788) |
| | | | | | (19,875) | | (19,875) | |
| 451 | 5 | 24,436 | | | | | 24,441 | |
| 418 | 4 | 650 | | | | | 654 | |
| | | 35,907 | | | | | 35,907 | |
| 349 | 4 | 12,913 | | | | | 12,917 | |
| 9,013 | 90 | 1,048,088 | | | | | 1,048,178 | |
| (1,312) | | | (150,719) | | | | (150,719) | |
| | | 79,703 | | | | | 79,703 | |
| | | | | | | 582,878 | 582,878 | |
| | | | | | | (33,730) | (33,730) | |
| | | | | | | 9,985 | 9,985 | |
| | | | | | (170,893) | | (170,893) | |
| 58,759 | $601 | $3,011,590 | $(150,719) | $4,745 | $ 777,681 | $632,400 | $4,524,600 | $653,321 |
| | | | | | 380,810 | 12,505 | 393,315 | $393,315 |
| | | | | (31,120) | | | (31,120) | (31,120) |
| | | | | (28,372) | | | (28,372) | (28,372) |
| | | | | | (19,875) | | (19,875) | |
| 4 | – | 312 | | | | | 312 | |
| 133 | 1 | 583 | | | | | 584 | |
| | | 59,616 | | | | | 59,616 | |
| 196 | 2 | 7,058 | | | | | 7,060 | |
| (2,048) | | | (151,986) | | | | (151,986) | |
| | | | | | | 21,771 | 21,771 | |
| | | | | | | (52,031) | (52,031) | |
| | | | | | | (83,237) | (83,237) | |
| | | | | | (158,677) | | (158,677) | |
| 57,044 | $604 | $3,079,159 | $(302,705) | $(54,747) | $ 979,939 | $531,408 | $4,481,960 | $333,823 |
| | | | | | 57,544 | 12,900 | 70,444 | $ 70,444 |
| | | | | 20,359 | | | 20,359 | 20,359 |
| | | | | (233) | | | (233) | (233) |
| | | | | 1,083 | | | 1,083 | 1,083 |
| | | | | | (19,875) | | (19,875) | |
| 653 | 7 | 28,560 | | | | | 28,567 | |
| | | | | | (23,217) | | (23,217) | |
| 246 | 2 | 581 | | | | | 583 | |
| | | 30,040 | | | | | 30,040 | |
| 19,550 | 196 | 386,942 | | | | | 387,138 | |
| 22 | | 619 | | | | | 619 | |
| | | | | | | (19,617) | (19,617) | |
| | | | | | (44,722) | | (44,722) | |
| 77,515 | $809 | $3,525,901 | $(302,705) | $(33,538) | $ 949,669 | $524,691 | $4,913,129 | $ 91,653 |

## Consolidated Statements of Cash Flows

| (Amounts in thousands, except per share data) | Year Ended December 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| **Operating Activities** | | | |
| Net income | $ 71,664 | $ 407,877 | $ 682,697 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 235,200 | 229,510 | 204,831 |
| (Gain) loss on sale of discontinued operations | 6,841 | (348,573) | (501,812) |
| Equity from net income from unconsolidated joint ventures | (62,878) | (59,961) | (46,765) |
| Distributions of cumulative earnings of unconsolidated joint ventures | 40,677 | 67,136 | 45,856 |
| Equity in net gain on sale of unconsolidated joint venture/partial interest | (6,691) | (103,056) | (31,509) |
| Loan loss and other investment reserves | 150,510 | 115,882 | – |
| Loss on equity investment in marketable securities | 396 | 147,489 | – |
| Gain on early extinguishment of debt | (86,006) | (77,465) | – |
| Deferred rents receivable | (26,267) | (38,866) | (51,863) |
| Other non-cash adjustments | (2,533) | 34,673 | 51,953 |
| Changes in operating assets and liabilities: | | | |
| Restricted cash – operations | 16,219 | (13,283) | (15,444) |
| Tenant and other receivables | 11,026 | 11,553 | (17,362) |
| Related party receivables | (894) | 5,505 | (6,238) |
| Deferred lease costs | (21,202) | (39,709) | (32,933) |
| Other assets | (28,863) | (3,594) | 37,179 |
| Accounts payable, accrued expenses and other liabilities | (14,761) | (49,295) | 83,314 |
| Deferred revenue and land lease payable | (7,227) | 10,188 | 4,801 |
| Net cash provided by operating activities | 275,211 | 296,011 | 406,705 |
| **Investing Activities** | | | |
| Acquisitions of real estate property | (16,059) | (67,751) | (4,188,318) |
| Proceeds from Asset Sale | – | – | 1,964,914 |
| Additions to land, buildings and improvements | (90,971) | (132,375) | (93,762) |
| Escrowed cash – capital improvements/acquisitions deposits | (5,318) | 11,376 | 149,337 |
| Investments in unconsolidated joint ventures | (107,716) | (45,776) | (823,043) |
| Distributions in excess of cumulative earnings from unconsolidated joint ventures | 38,846 | 458,236 | 82,449 |
| Net proceeds from disposition of real estate/partial interest in property | 27,946 | 206,782 | 1,021,716 |
| Other investments | (47,719) | 8,168 | (96,955) |
| Structured finance and other investments net of repayments/participations | (144,388) | (42,441) | (350,675) |
| Net cash provided by (used in) investing activities | (345,379) | 396,219 | (2,334,337) |
| **Financing Activities** | | | |
| Proceeds from mortgage notes payable | 192,399 | 161,577 | 809,914 |
| Repayments of mortgage notes payable | (169,688) | (26,233) | (124,339) |
| Proceeds from revolving credit facility, term loan and senior unsecured notes | 30,433 | 1,663,970 | 3,834,339 |
| Repayments of revolving credit facility, term loan and senior unsecured notes | (646,317) | (1,434,112) | (2,837,813) |
| Proceeds from stock options exercised | 619 | 7,372 | 12,917 |
| Net proceeds from sale of common stock | 387,138 | – | – |
| Purchases of Treasury Stock | – | (151,986) | (150,719) |
| Distributions to noncontrolling interests in other partnerships | (19,617) | (54,566) | (16,497) |
| Contributions from noncontrolling interests in other partnerships | – | 39,883 | 548,305 |
| Distributions to noncontrolling interests in operating partnership | (2,170) | (6,405) | (6,970) |
| Dividends paid on common and preferred stock | (78,321) | (203,134) | (181,315) |
| Deferred loan costs and capitalized lease obligation | (7,482) | (7,671) | (31,404) |
| Net cash (used in) provided by financing activities | (313,006) | (11,305) | 1,856,418 |
| Net increase (decrease) in cash and cash equivalents | (383,174) | 680,925 | (71,214) |
| Cash and cash equivalents at beginning of period | 726,889 | 45,964 | 117,178 |
| Cash and cash equivalents at end of period | $ 343,715 | $ 726,889 | $ 45,964 |
| **Supplemental cash flow disclosures** | | | |
| Interest paid | $ 257,393 | $ 305,022 | $ 309,752 |
| Income taxes paid | $ 818 | $ 906 | $ 1,644 |

In December 2009, 2008 and 2007, the Company declared quarterly distributions per share of $0.10, $0.375 and $0.7875, respectively. These distributions were paid in January 2010, 2009 and 2008, respectively.

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

## NOTE 1 / ORGANIZATION AND BASIS OF PRESENTATION

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

Substantially all of our assets are held by, and our operations are conducted through, the operating partnership. The Company is the sole managing general partner of the operating partnership. As of December 31, 2009, minority investors held, in the aggregate, a 2.1% limited partnership interest in the operating partnership.

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

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

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

| Location | Ownership | Number of Properties | Square Feet | Weighted Average Occupancy(1) |
|---|---|---|---|---|
| Manhattan | Consolidated properties | 21 | 13,782,200 | 94.6% |
| | Unconsolidated properties | 8 | 9,429,000 | 95.6% |
| Suburban | Consolidated properties | 25 | 3,863,000 | 84.8% |
| | Unconsolidated properties | 6 | 2,941,700 | 93.7% |
| | | 60 | 30,015,900 | 93.4% |

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

We also own investments in eight retail properties encompassing approximately 374,812 square feet, three development properties encompassing approximately 399,800 square feet and two land interests. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

### Partnership Agreement

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

## NOTE 2 / SIGNIFICANT ACCOUNTING POLICIES

In June 2009, the Financial Accounting Standards Board, or FASB, issued guidance regarding the Accounting Codification and the Hierarchy of Generally Accepted Accounting Principles. This guidance establishes the FASB Accounting Standards Codification, or the Codification, as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP, and states that all guidance contained in the Codification carries equal level of authority. Rules and interpretive releases of the Securities and Exchange Commissions, or SEC, under federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification does not change GAAP, however it does change the way in which it is to be researched and referenced. This guidance is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We have implemented the Codification in this annual report.

## Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries, which are wholly-owned or controlled by us or entities which are variable interest entities in which we are the primary beneficiary. See Note 5, Note 6 and Note 7. Entities which we do not control and entities which are variable interest entities, but where we are not the primary beneficiary are accounted for under the equity method. We have two variable interest entities for which we are considered to be the primary beneficiary as a result of loans we made to our joint venture partner to fund his equity in the joint venture. The interest that we do not own is included in "Noncontrolling Interest in Other Partnerships" on the balance sheet. All significant intercompany balances and transactions have been eliminated.

Effective January 1, 2009, we revised the presentation of noncontrolling interests in our consolidated financial statements. A noncontrolling interest in a consolidated subsidiary is defined as "the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent". Noncontrolling interests are required to be presented as a separate component of equity in the consolidated balance sheet. In addition, the presentation of net income was modified by requiring earnings and other comprehensive income to be attributed to controlling and noncontrolling interests. Below are the steps we have taken as a result of the implementation of this standard:

- We have reclassified the noncontrolling interests of other consolidated partnerships from the mezzanine section of our balance sheet to equity. This reclassification totaled approximately $531.4 million as of December 31, 2008.
- Noncontrolling interests of our operating partnership will continue to be classified in the mezzanine section of the balance sheet as these redeemable OP Units do not meet the requirements for equity classification. The redemption feature requires the delivery of cash or shares of stock. See Note 15.
- Net income attributable to noncontrolling interests of our operating partnership and of other consolidated partnerships is no longer included in the determination of net income. We reclassified prior year amounts to reflect this requirement. The adoption of this standard had no effect on our earnings per share.
- We adjust the noncontrolling interests of our operating partnership each period so that the carrying value equals the greater of its carrying value based on the accumulation of historical cost or its redemption value. Net income is allocated to the noncontrolling partners of our operating partnership based on their weighted average ownership percentage during the period.

When accounting for our joint venture investments we apply the accounting standards which Note that the general partner in a limited partnership is presumed to control that limited partnership. The presumption may be overcome if the limited partners have either (1) the substantive ability to dissolve the limited partnership or otherwise remove the general partner without cause or (2) substantive participating rights, which provide the limited partners with the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the limited partnership's business and thereby preclude the general partner from exercising unilateral control over the partnership.

If we retain an interest in the buyer and provide certain guarantees we account for such transaction as a profit-sharing arrangement. For transactions treated as profit-sharing arrangements, we record a profit-sharing obligation for the amount of equity contributed by the other partner and continue to keep the property and related accounts recorded on our books. Any debt assumed by the buyer would continue to be recorded on our books. The results of operations of the property, net of expenses other than depreciation (net operating income), are allocated to the other partner for its percentage interest and reflected as "co-venture expense" in our consolidated financial statements. In future periods, a sale is recorded and profit is recognized when the remaining maximum exposure to loss is reduced below the amount of gain deferred.

## Investment in Commercial Real Estate Properties

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the redevelopment of rental properties are capitalized. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

A property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Once an asset is held for sale, depreciation expense is no longer recorded and the historic results are reclassified as discontinued operations. See Note 4.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

| Category | Term |
|---|---|
| Building (fee ownership) | 40 years |
| Building improvements | shorter of remaining life of the building or useful life |
| Building (leasehold interest) | lesser of 40 years or remaining term of the lease |
| Property under capital lease | remaining lease term |
| Furniture and fixtures | four to seven years |
| Tenant improvements | shorter of remaining term of the lease or useful life |

Depreciation expense (including amortization of the capital lease asset) amounted to approximately $210.4 million, $202.9 million and $164.0 million for the years ended December 31, 2009, 2008 and 2007, respectively.

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

A variety of costs are incurred in the development and leasing of our properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The costs of land and building under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. We consider a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity. We cease capitalization on the portions substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with the portions under construction.

Results of operations of properties acquired are included in the Statement of Income from the date of acquisition.

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

We recognized an increase of approximately $24.0 million, $25.3 million and $4.5 million in rental revenue for the years ended December 31, 2009, 2008 and 2007, respectively, for the amortization of aggregate below-market rents in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties. We recognized a reduction in interest expense for the amortization of the above market rate mortgages of approximately $2.7 million, $6.9 million and $6.1 for the years ended December 31, 2009, 2008 and 2007, respectively.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) as of December 31, 2009 (in thousands):

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Identified intangible assets (included in other assets): | | |
| Gross amount | $ 236,594 | $ 236,594 |
| Accumulated amortization | (98,090) | (60,074) |
| Net | $ 138,504 | $ 176,520 |
| Identified intangible liabilities (included in deferred revenue): | | |
| Gross amount | $ 480,770 | $ 480,770 |
| Accumulated amortization | (164,073) | (101,585) |
| Net | $ 316,697 | $ 379,185 |

The estimated annual amortization of acquired below-market leases, net of acquired above-market leases (a component of rental revenue), for each of the five succeeding years is as follows (in thousands):

| | |
|---|---|
| 2010 | $18,068 |
| 2011 | 18,082 |
| 2012 | 16,413 |
| 2013 | 14,329 |
| 2014 | 10,904 |

The estimated annual amortization of all other identifiable assets (a component of depreciation and amortization expense) including tenant improvements for each of the five succeeding years is as follows (in thousands):

| | |
|---|---|
| 2010 | $6,529 |
| 2011 | 5,311 |
| 2012 | 4,521 |
| 2013 | 3,895 |
| 2014 | 3,411 |

### Cash and Cash Equivalents

We consider all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

### Investment in Marketable Securities

We invest in marketable securities. At the time of purchase, we are required to designate a security as held-to-maturity, available-for-sale, or trading depending on ability and intent. We do not have any securities designated as held-to-maturity or trading at this time. Securities available-for-sale are reported at fair value, based on Level 2 information pursuant to ASC 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive loss. Unrealized losses that are determined to be other-than-temporary are recognized in earnings. At December 31, 2009, we held approximately $58.8 million of marketable securities which were designated as available-for-sale. We recorded a net unrealized gain of approximately $1.1 million in accumulated other comprehensive loss during the year ended December 31, 2009.

### Investment in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting in cases where we exercise significant influence, but do not control these entities and are not considered to be the primary beneficiary. We consolidate those joint ventures which are VIEs and where we are considered to be the primary beneficiary, even though we do not control the entity. In all these joint ventures, the rights of the minority investor are both protective as well as participating. Unless we are determined to be the primary beneficiary, these rights preclude us from consolidating these investments. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Any difference between the carrying amount of these investments on our balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in net income (loss) of unconsolidated joint ventures over the lesser of the joint venture term or 10 years. Equity income (loss) from unconsolidated joint ventures is allocated based on our ownership interest in each joint venture. When a capital event (as defined in each joint venture agreement) such as a refinancing occurs, if return thresholds are met, future equity income will be allocated at our increased economic interest. We recognize incentive income from unconsolidated real estate joint ventures as income to the extent it is earned and not subject to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for future obligations of the joint venture or may otherwise be committed to provide future additional financial support. None of the joint venture debt is recourse to us. See Note 6.

### Restricted Cash

Restricted cash primarily consists of security deposits held on behalf of our tenants, interest reserves, as well as capital improvement and real estate tax escrows required under certain loan agreements.

### Deferred Lease Costs

Deferred lease costs consist of fees and direct costs incurred to initiate and renew operating leases and are amortized on a straight-line basis over the related lease term. Certain of our employees provide leasing services to the wholly-owned properties. A portion of their compensation, approximating $7.9 million, $8.3 million and $7.0 million for the years ended December 31, 2009, 2008 and 2007, respectively, was capitalized and is amortized over an estimated average lease term of seven years.

### Deferred Financing Costs

Deferred financing costs represent commitment fees, legal and other third-party costs associated with obtaining commitments for financing which result in a closing of such financing. These costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking financial transactions, which do not close, are expensed in the period in which it is determined that the financing will not close.

### Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the accompanying balance sheets. We establish, on a current basis, an allowance for future potential tenant credit losses, which may occur against this account. The balance reflected on the balance sheet is net of such allowance.

In addition to base rent, our tenants also generally will pay their pro rata share of increases in real estate taxes and operating expenses for the building over a base year. In some leases, in lieu of paying additional rent based upon increases in building operating expenses, the tenant will pay additional rent based upon increases in the wage rate paid to porters over the porters' wage rate in effect during a base year or increases in the consumer price index over the index value in effect during a base year. In addition, many of our leases contain fixed percentage increases over the base rent to cover escalations.

Electricity is most often supplied by the landlord either on a sub-metered basis, or rent inclusion basis (i.e., a fixed fee is included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air conditioning and freight elevator service during business hours, and base building cleaning) typically are provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided outside normal business hours.

These escalations are based on actual expenses incurred in the prior calendar year. If the expenses in the current year are different from those in the prior year, then during the current year, the escalations will be adjusted to reflect the actual expenses for the current year.

We record a gain on sale of real estate when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale and we have no substantial economic involvement with the buyer.

Interest income on structured finance investments is recognized over the life of the investment using the effective interest method and recognized on the accrual basis. Fees received in connection with loan commitments are deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Anticipated exit fees, whose collection is expected, are also recognized over the term of the loan as an adjustment to yield. Fees on commitments that expire unused are recognized at expiration.

Income recognition is generally suspended for structured finance investments at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Asset management fees are recognized on a straight-line basis over the term of the asset management agreement.

### Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our tenants to make required rent payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required.

### Reserve for Possible Credit Losses

The expense for possible credit losses in connection with structured finance investments is the charge to earnings to increase the allowance for possible credit losses to the level that we estimate to be adequate, based on Level 3 data, considering delinquencies, loss experience and collateral quality. Other factors considered relate to geographic trends and product diversification, the size of the portfolio and current economic conditions. Based upon these factors, we establish the provision for possible credit losses by loan. When it is probable that we will be unable to collect all amounts contractually due, the investment is considered impaired.

Where impairment is indicated, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We recorded approximately $38.4 million and $45.8 million in loan loss reserves and charge offs during the year ended December 31, 2009 and 2008, respectively, on investments being held to maturity.

Structured finance investments held for sale are carried at the lower of cost or fair market value using available market information obtained through consultation with dealers or other originators of such investments as well as discounted cash flow models based on Level 3 data pursuant to ASC 820-10. As circumstances change, management may conclude not to sell an investment designated as held for sale. In such situations, the loan will be reclassified at its net carrying value to structured finance investments held to maturity. During the quarter ended September 30, 2009, we reclassified loans with a net carrying value of approximately $56.7 million from held for sale to held to maturity. For these reclassified loans, the difference between the current carrying value and the expected cash to be collected at maturity will be accreted into income over the remaining term of the loan. As of December 31, 2009, one loan with a net carrying value of approximately $1.0 million had been designated as held for sale. We recorded a mark-to-market adjustment of approximately $69.1 million against our held for sale investment during the year ended December 31, 2009.

### Rent Expense

Rent expense is recognized on a straight-line basis over the initial term of the lease. The excess of the rent expense recognized over the amounts contractually due pursuant to the underlying lease is included in the deferred land lease payable in the accompanying balance sheets.

### Income Taxes

We are taxed as a REIT under Section 856(c) of the Code. As a REIT, we generally are not subject to Federal income tax. To maintain our qualification as a REIT, we must distribute at least 90% of our REIT taxable income to our stockholders and meet certain other requirements.

If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income tax on our taxable income at regular corporate rates. We may also be subject to certain state, local and franchise taxes. Under certain circumstances, Federal income and excise taxes may be due on our undistributed taxable income.

Pursuant to amendments to the Code that became effective January 1, 2001, we have elected, and may in the future, elect to treat certain of our existing or newly created corporate subsidiaries as taxable REIT subsidiaries, or TRS. In general, a TRS of ours may perform non-customary services for our tenants, hold assets that we cannot hold directly and generally may engage in any real estate or non-real estate related business. Our TRS's generate income, resulting in Federal income tax liability for these entities. Our TRS's recorded approximately $1.0 million, $(2.0) million and $4.2 million in Federal, state and local tax (benefit)/expense in 2009, 2008 and 2007, respectively, of which $0.8 million, $0.9 million and $1.6 million, respectively, had been paid.

We follow a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited.

## Underwriting Commissions and Costs

Underwriting commissions and costs incurred in connection with our stock offerings are reflected as a reduction of additional paid-in-capital.

## Stock Based Employee Compensation Plans

We have a stock based employee compensation plan, described more fully in Note 14.

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

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

The fair value of each stock option granted is estimated on the date of grant using the Black Scholes option pricing model based on historical information with the following weighted average assumptions for grants in 2009, 2008 and 2007.

| | 2009 | 2008 | 2007 |
|---|---|---|---|
| Dividend yield | 2.15% | 2.99% | 2.10% |
| Expected life of option | 5 years | 5 years | 5 years |
| Risk-free interest rate | 2.17% | 3.24% | 4.63% |
| Expected stock price volatility | 53.08% | 25.47% | 21.61% |

## Derivative Instruments

In the normal course of business, we use a variety of derivative instruments to manage, or hedge, interest rate risk. We require that hedging derivative instruments are effective in reducing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential for qualifying for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

To determine the fair values of derivative instruments, we use a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

In the normal course of business, we are exposed to the effect of interest rate changes and limit these risks by following established risk management policies and procedures including the use of derivatives. To address exposure to interest rates, derivatives are used primarily to fix the rate on debt based on floating-rate indices and manage the cost of borrowing obligations.

We use a variety of commonly used derivative products that are considered plain vanilla derivatives. These derivatives typically include interest rate swaps, caps, collars and floors. We expressly prohibit the use of unconventional derivative instruments and using derivative instruments for trading or speculative purposes. Further, we have a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

We may employ swaps, forwards or purchased options to hedge qualifying forecasted transactions. Gains and losses related to these transactions are deferred and recognized in net income as interest expense in the same period or periods that the underlying transaction occurs, expires or is otherwise terminated.

Hedges that are reported at fair value and presented on the balance sheet could be characterized as cash flow hedges or fair value hedges. Interest rate caps and collars are examples of cash flow hedges. Cash flow hedges address the risk associated with future cash flows of debt transactions. All hedges held by us are deemed to be fully effective in meeting the hedging objectives established by our corporate policy governing interest rate risk management and as such no net gains or losses were reported in earnings. The changes in fair value of hedge instruments are reflected in accumulated other comprehensive income. For derivative instruments not designated as hedging instruments, the gain or loss, resulting from the change in the estimated fair value of the derivative instruments, is recognized in current earnings during the period of change.

### Fair Value Measurements

The methodologies used for valuing such instruments have been categorized into three broad levels as follows:

Level 1 – Quoted prices in active markets for identical instruments.

Level 2 – Valuations based principally on other observable market parameters, including

- Quoted prices in active markets for similar instruments,
- Quoted prices in less active or inactive markets for identical or similar instruments,
- Other observable inputs (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates), and
- Market corroborated inputs (derived principally from or corroborated by observable market data).

Level 3 – Valuations based significantly on unobservable inputs.

- Level 3A – Valuations based on third-party indications (broker quotes or counterparty quotes) which were, in turn, based significantly on unobservable inputs or were otherwise not supportable as Level 2 valuations.
- Level 3B – Valuations based on internal models with significant unobservable inputs.

These levels form a hierarchy. We follow this hierarchy for our financial instruments measured at fair value on a recurring basis. The classifications are based on the lowest level of input that is significant to the fair value measurement.

### Earnings Per Share

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

### Use of Estimates

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

### Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash investments, structured finance investments and accounts receivable. We place our cash investments in excess of insured amounts with high quality financial institutions. The collateral securing our structured finance investments is primarily located in the New York Metro area. See Note 5. We perform ongoing credit evaluations of our tenants and require certain tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting the space. Although the properties in our real estate portfolio are primarily located in Manhattan, we also have properties in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey. The tenants located in these buildings operate in various industries. Other than one tenant who accounts for approximately 8.2% of our share of annualized rent, no single tenant in our portfolio accounted for more than 5.8% of our annualized rent, including our share of joint venture annualized rent, at December 31, 2009. Approximately 10%, 9%, 8%, 8%, 6% and 6% of our annualized rent for consolidated properties was attributable to 919 Third Avenue, 1185 Avenue of the Americas, One Madison Avenue, 420 Lexington Avenue, 220 East 42nd Street and 485 Lexington Avenue, respectively, for the year ended December 31, 2009. Approximately 10%, 8%, 7%, 8%, and 6% of our annualized rent for consolidated properties was attributable to 919 Third Avenue, 1185 Avenue of the Americas, One Madison Avenue, 420 Lexington Avenue and 485 Lexington Avenue, respectively, for the year ended December 31, 2008. Approximately 9%, 7%, 7%, 7% and 6% of our annualized rent for consolidated properties was attributable to 919 Third Avenue, 1185 Avenue of the Americas, One Madison Avenue, 420 Lexington Avenue and 485 Lexington Avenue, respectively, for the year ended December 31, 2007. Two borrowers accounted for more than 10.0% of the revenue earned on structured finance investments at December 31, 2009. Currently 75.2% of our workforce which services substantially all of our properties is covered by three collective bargaining agreements.

## Reclassification

Certain prior year balances have been reclassified to conform with the current year presentation primarily in order to eliminate discontinued operations from income from continuing operations as well as apply the revised interpretation of accounting for convertible debt investments (see below) and the presentation of noncontrolling interests.

## Accounting Standards Updates

In December 2007, the FASB amended the accounting for acquisitions specifically eliminating the step acquisition model, changing the recognition of contingent consideration from being recognized when it is probable to being recognized at the time of acquisition, disallowing the capitalization of transaction costs and delays when restructurings related to acquisitions can be recognized. The standard is effective for fiscal years beginning after December 15, 2008 and will only impact the accounting for acquisitions we make after our adoption of this standard. We adopted this standard on January 1, 2009.

In May 2008, the FASB clarified its guidance on accounting for convertible debt instruments that may be settled in cash upon conversion. The issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion is required to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's nonconvertible debt borrowing rate. The resulting debt discount will be amortized over the period during which the debt is expected to be outstanding (i.e., through the first optional redemption date) as additional non-cash interest expense. This amount (before netting) will increase in subsequent reporting periods through the first optional redemption date as the debt accretes to its par value over the same period. This amendment is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption was not permitted. Upon adoption, companies are required to retrospectively apply the requirements of the pronouncement to all periods presented. Adoption of this amendment had the following impact on our consolidated financial statements (in thousands):

| | December 31, 2008 As Reported | December 31, 2008 As Restated | December 31, 2007 As Reported | December 31, 2007 As Restated |
|---|---|---|---|---|
| Senior unsecured notes | $1,535,948 | $1,501,134 | $2,069,938 | $2,005,005 |
| Total liabilities | 6,449,875 | 6,415,063 | 6,888,796 | 6,823,863 |
| Additional paid-in-capital | 2,999,456 | 3,079,159 | 2,931,887 | 3,011,590 |
| Retained earnings | 1,023,071 | 979,939 | 791,861 | 777,681 |

| | Year Ended December 31, 2008 As Reported | Year Ended December 31, 2008 As Restated | Year Ended December 31, 2007 As Reported | Year Ended December 31, 2007 As Restated |
|---|---|---|---|---|
| Interest expense | $281,766 | $300,808 | $251,537 | $266,308 |
| Net income attributable to SL Green common stockholders | $389,884 | $360,935 | $640,535 | $626,355 |
| Net income per share attributable to common stockholders – basic | $ 6.72 | $ 6.22 | $ 10.90 | $ 10.66 |
| Net income per share attributable to common stockholders – diluted | $ 6.69 | $ 6.20 | $ 10.78 | $ 10.54 |

The FASB provided guidance to address whether instruments granted in share based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share, or EPS, under the two-class method. We adopted this guidance on January 1, 2009. It did not have any effect on our consolidated financial statements.

In April 2009, the FASB provided additional guidance on estimating fair value when the volume and level of transaction activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. This update also provides additional guidance on circumstances that may indicate that a transaction is not orderly. Additional disclosures about fair value measurements in annual and interim reporting periods are also required. This guidance was effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this guidance did not have a material impact on our financial statements.

In March 2008, the FASB issued guidance which requires entities to provide greater transparency about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted, and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations, and cash flows. This guidance was effective on January 1, 2009. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In June 2009, the FASB issued guidance on accounting for transfers of financial assets. This guidance amends various components of the existing guidance governing sale accounting, including the recognition of assets obtained and liabilities assumed as a result of a transfer, and considerations of effective control by a transferor over transferred assets. In addition, this guidance removes the exemption for qualifying special purpose entities from the consolidation guidance. This guidance is effective January 1, 2010, with early adoption prohibited. While the amended guidance governing sale accounting is applied on a prospective basis, the removal of the qualifying special purpose entity exception will require us to evaluate certain entities for consolidation. While we are evaluating the effect of adoption of this guidance, we currently believe that its adoption will not have a material impact on our consolidated financial statement.

In June 2009, the FASB amended the guidance for determining whether an entity is a variable interest entity, or VIE, and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. Under this guidance, an entity would be required to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. This guidance is effective for the first annual reporting period that begins after November 15, 2009, with early adoption prohibited. While we are currently evaluating the effect of adoption of this guidance, we currently believe that its adoption will not have a material impact on our consolidated financial statements.

## NOTE 3 / PROPERTY ACQUISITIONS

### 2009 Acquisitions

During 2009, we acquired the sub-leasehold positions at 420 Lexington Avenue for an aggregate purchase price of approximately $15.9 million.

### 2008 Acquisitions

In February 2008, we, through our joint venture with Jeff Sutton, acquired the properties located at 182 Broadway and 63 Nassau Street for approximately $30.0 million in the aggregate. These properties are located adjacent to 180 Broadway which we acquired in August 2007. As part of the acquisition we also closed on a $31.0 million loan which bears interest at 225 basis points over the 30-day LIBOR. The loan has a three-year term and two one-year extensions. We drew down $21.1 million at the closing to pay the balance of the acquisition costs.

During the second quarter of 2008, we, through a joint venture with NYSTERS, acquired various interests in the fee positions at 919 Third Avenue for approximately $32.8 million. As a result, our joint venture controls the entire fee position.

### 2007 Acquisitions

In January 2007, we acquired Reckson for approximately $6.0 billion, inclusive of transaction costs. Simultaneously, we sold approximately $2.0 billion of the Reckson assets to an asset purchasing venture led by certain of Reckson's former executive management. The transaction included the acquisition of 30 properties encompassing approximately 9.2 million square feet, of which five properties encompassing approximately 4.2 million square feet are located in Manhattan.

The following summarizes our allocation of the purchase price to the assets and liabilities acquired from Reckson (in thousands):

| | |
|---|---|
| Land | $ 766,727 |
| Building | 3,724,962 |
| Investment in joint venture | 65,500 |
| Structured finance investments | 136,646 |
| Acquired above-market leases | 24,661 |
| Other assets, net of other liabilities | 30,473 |
| Acquired in-place leases | 175,686 |
| Assets acquired | 4,924,655 |
| Acquired below-market leases | 422,177 |
| Minority interest | 401,108 |
| Liabilities acquired | 823,285 |
| Net assets acquired | $4,101,370 |

In January 2007, we acquired 300 Main Street in Stamford, Connecticut and 399 Knollwood Road in White Plains, New York for approximately $46.6 million, from affiliates of RPW Group. These commercial office buildings encompass 275,000 square feet, inclusive of 50,000 square feet of garage parking at 300 Main Street.

In April 2007, we completed the acquisition of 331 Madison Avenue and 48 East 43rd Street for a total of $73.0 million. Both 331 Madison Avenue and 48 East 43rd Street are located adjacent to 317 Madison Avenue, a property that we acquired in 2001. 331 Madison Avenue is an approximately 92,000-square-foot, 14-story office building. The 22,850-square-foot 48 East 43rd Street property is a seven-story loft building that was later converted to office use.

In April 2007, we acquired the fee interest in 333 West 34th Street for approximately $183.0 million from Citigroup Global Markets Inc. The property encompasses approximately 345,000 square feet. At closing, Citigroup entered into a full building triple net lease through August 2009.

In June 2007, we, through a joint venture, acquired the second and third floors in the office tower at 717 Fifth Avenue for approximately $16.9 million.

In June 2007, we acquired 1010 Washington Avenue, CT, a 143,400-square-foot office tower. The fee interest was purchased for approximately $38.0 million.

In June 2007, we acquired an office property located at 500 West Putnam Avenue in Greenwich, Connecticut. The Greenwich property, a four-story, 121,500-square-foot office building, was purchased for approximately $56.0 million.

In August 2007, we acquired Gramercy Capital Corp. (NYSE: GKK), or Gramercy's, 45% equity interest in the joint venture that owns the 1,176,000-square-foot office building located at One Madison Avenue, or One Madison, for approximately $147.2 million and the assumption of their proportionate share of the debt encumbering the property of approximately $305.3 million. We previously acquired our 55% interest in the property in April 2005.

In August 2007, we, through a joint venture with Jeff Sutton, acquired the fee interest in a building at 180 Broadway for an aggregate purchase price of $13.7 million, excluding closing costs. The building comprises approximately 24,307 square feet. We own approximately 50% of the equity in the joint venture. We loaned approximately $6.8 million to Jeff Sutton to fund a portion of his equity. This loan is secured by a pledge of Jeff Sutton's partnership interest in the joint venture. As we have been designated as the primary beneficiary of the joint venture we have consolidated the accounts of the joint venture.

## NOTE 4 / PROPERTY DISPOSITIONS AND ASSETS HELD FOR SALE

In January 2009, we, along with our joint venture partner, Gramercy sold 100% of our interests in 55 Corporate Drive, NJ for $230.0 million. The property is approximately 670,000 square feet. We recognized a gain of approximately $4.6 million in connection with the sale of our 50% interest in the joint venture, which is net of a $2.0 million employee compensation award, accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale.

In August 2009, we sold the property located at 399 Knollwood Road, Westchester, for $20.7 million. The property is approximately 145,000 square feet and is encumbered by an $18.5 million mortgage. We recognized a loss on the sale of approximately $11.4 million.

In January 2008, we sold the fee interest in 440 Ninth Avenue for approximately $160.0 million, excluding closing costs. The property is approximately 339,000 square feet. We recognized a gain on sale of approximately $106.0 million.

In August 2008, we sold 80% of our interest in the joint venture that owns 1551/1555 Broadway to Jeff Sutton for approximately $17.0 million and the right to future asset management, leasing and construction fees. We recognized a gain on sale of approximately $9.5 million. As a result of this transaction, we deconsolidated this investment and account for it under the equity method of accounting. See Note 6.

In October 2008, we sold 100/120 White Plains Road, Westchester for $48.0 million, which approximated our book basis in these properties. Our share of the net sales proceeds was approximately $24.0 million.

In February 2007, we sold the fee interests in 70 West 36th Street for approximately $61.5 million, excluding closing costs. The property is approximately 151,000 square feet. We recognized a gain on sale of approximately $47.2 million.

In June 2007, we sold our office condominium interest in floors six through eighteen at 110 East 42nd Street for approximately $111.5 million, excluding closing costs. The property encompasses approximately 181,000 square feet. The sale does not include approximately 112,000 square feet of developable air rights, which we retained along with the ability to transfer these rights off-site. We recognized a gain on sale of approximately $84.0 million, which is net of a $1.0 million employee compensation award accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale.

In June 2007, we sold our condominium interests in 125 Broad Street for approximately $273.0 million, excluding closing costs. The property is approximately 525,000 square feet. We recognized a gain on sale of approximately $167.9 million, which is net of a $1.5 million employee compensation award accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale.

In July 2007, we sold our property located at 292 Madison Avenue for approximately $140.0 million, excluding closing costs. The property encompasses approximately 187,000 square feet. The sale generated a gain of approximately $99.8 million, of which $15.7 million was deferred as a result of financing provided to the buyer by Gramercy, which is net of a $1.0 million employee compensation award accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale.

In July 2007, we sold an 85% interest in 1372 Broadway, New York, to Wachovia Corporation (NYSE:WB), for approximately $284.8 million. This sale generated a gain of $254.4 million, which is net of a $1.5 million employee compensation award accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale. We retained a 15% interest in the property. We had the ability to earn incentive fees based on the financial performance of the property. We were accounting for this property as a profit sharing arrangement. We deferred recognition of the gain on sale due to our continuing involvement with the property and because we had an option to reacquire the property under certain limited circumstances. As the property was unencumbered at the time of sale, no debt was recorded on our books. The co-venture expense was included in operating expenses in the Consolidated Statements of Income. The equity contributed by our partner was included in Deferred Revenue on our Consolidated Balance Sheets. In July 2007, the joint venture that now owned 1372 Broadway closed on a $235.2 million, five-year, floating rate mortgage. The mortgage carried an interest rate of 125 basis points over the 30-day LIBOR. This mortgage was recorded off-balance sheet. The joint venture sold the property in October 2008. As a result of the sale, we recognized a gain on sale of approximately $238.6 million, which is net of a $3.5 million employee compensation award accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale.

In November 2007, we sold our property located at 470 Park Avenue South for approximately $157.0 million. The property encompasses approximately 260,000 square feet. The sale generated a gain, net of minority interest, of approximately $114.7 million.

Discontinued operations included the results of operations of real estate assets under contract or sold prior to December 31, 2009. This included 125 Broad Street and 110 East 42nd Street sold in June 2007, 292 Madison Avenue, which was sold in July 2007, 470 Park Avenue South, which was sold in November 2007, 440 Ninth Avenue, which was sold in January 2008, 100/120 White Plains Road and 1372 Broadway, which were sold in October 2008, 55 Corporate Drive, NJ, which was sold in January 2009, the membership interests in GKK Manager LLC which were sold in April 2009 (see Note 6) and 399 Knollwood, CT which was sold in August 2009.

The following table summarizes income from discontinued operations (net of noncontrolling interest) and the related realized gain on sale of discontinued operations for the years ended December 31, 2009, 2008 and 2007 (in thousands).

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| Revenues | | | |
| Rental revenue | $ 2,905 | $ 31,108 | $ 67,317 |
| Escalation and reimbursement revenues | 316 | 4,239 | 12,378 |
| Other income | 6,517 | 24,632 | 32,579 |
| Total revenues | 9,738 | 59,979 | 112,274 |
| Operating expense | 1,010 | 7,404 | 20,077 |
| Real estate taxes | 580 | 5,168 | 11,344 |
| Interest expense, net of interest income | 1,071 | 17,946 | 17,040 |
| Depreciation and amortization | 708 | 6,491 | 13,919 |
| Marketing, general and administrative | 7,299 | 15,076 | 13,916 |
| Total expenses | 10,668 | 52,085 | 76,296 |
| Income (loss) from discontinued operations | (930) | 7,894 | 35,978 |
| (Loss) gain on disposition of discontinued operations | (6,841) | 348,573 | 501,812 |
| Noncontrolling interest in other partnerships | – | (3,828) | (6,722) |
| Net income (loss) from discontinued operations | $ (7,771) | $352,639 | $531,068 |

## Note 5 / Structured Finance Investments

During the years ended December 31, 2009 and 2008, our structured finance and preferred equity investments, including investments classified as held-for-sale, (net of discounts) increased approximately $254.3 million and $238.5 million, respectively, due to originations, purchases and accretion of discounts. There were approximately $216.5 million and $295.9 million in repayments, participations, sales and loan loss reserves recorded during those periods, respectively, which offset the increases in structured finance investments.

As of December 31, 2009 and 2008, we held the following structured finance investments, excluding preferred equity investments, with an aggregate weighted average current yield of approximately 7.78% (in thousands):

| Loan Type | Gross Investment | Senior Financing | 2009 Principal Outstanding | 2008 Principal Outstanding | Initial Maturity Date |
|---|---|---|---|---|---|
| Other Loan(1) | $ 3,500 | $ 15,000 | $ 3,500 | $ 3,500 | September 2021 |
| Mezzanine Loan(1)(2)(13) | – | – | – | 95,626 | – |
| Mezzanine Loan(1)(11) | 60,000 | 235,000 | 58,760 | 58,349 | February 2016 |
| Mezzanine Loan(1) | 25,000 | 200,000 | 25,000 | 25,000 | May 2016 |
| Mezzanine Loan(1) | 35,000 | 165,000 | 39,125 | 38,332 | October 2016 |
| Mezzanine Loan(1)(3)(9)(10)(11) | 75,000 | 4,254,623 | 70,092 | 70,092 | December 2016 |
| Other Loan(1)(5)(9)(11) | 5,000 | – | 5,350 | 5,350 | May 2011 |
| Whole Loan(2)(3) | 9,815 | – | 9,636 | 10,126 | February 2010 |
| Mezzanine Loan(1)(2)(4)(9) | 25,000 | 311,215 | 26,605 | 27,742 | January 2013 |
| Mezzanine Loan(1) | 16,000 | 90,000 | 15,697 | 15,670 | August 2017 |
| Mezzanine Loan(3)(15) | 41,398 | 221,549 | 40,938 | 40,171 | August 2009 |
| Other Loan(1) | 1,000 | – | 1,000 | 1,000 | January 2010 |
| Other Loan | – | – | – | 500 | – |
| Junior Participation(1)(6)(9)(11) | 14,189 | – | 9,938 | 9,938 | April 2008 |
| Mezzanine Loan(1)(12) | 67,000 | 1,139,000 | 84,636 | 75,856 | March 2017 |
| Mezzanine Loan(9)(16)(17) | 23,145 | 365,000 | 35,908 | 24,961 | July 2010 |
| Mezzanine Loan(3)(9)(14) | – | – | – | 46,372 | – |
| Mezzanine Loan(3)(9)(11)(17) | 22,644 | 7,099,849 | – | 23,847 | – |
| Junior Participation(1)(9) | 11,000 | 53,000 | 11,000 | 11,000 | November 2011 |
| Junior Participation(7)(9) | 12,000 | 61,250 | 10,875 | 10,875 | June 2010 |
| Junior Participation(9)(11) | 9,948 | 48,198 | 5,866 | 5,866 | December 2010 |
| Junior Participation(8) | 50,000 | 2,230,083 | 47,691 | 48,709 | April 2010 |
| Mezzanine Loan(2)(3) | 90,000 | 325,000 | 104,431 | 92,325 | July 2010 |
| Whole Loan(1)(3) | 9,375 | – | 9,902 | 9,324 | February 2015 |
| Junior Participation | 11,700 | 210,000 | 30,548 | – | January 2012 |
| Whole loan(18) | 167,717 | – | 167,717 | – | March 2010 |
| Loan loss reserve(9) | – | – | (101,866) | (74,666) | – |
| | $785,431 | $17,023,767 | $ 712,349 | $675,865 | |

(1) This is a fixed rate loan.
(2) The difference between the pay and accrual rates is included as an addition to the principal balance outstanding.
(3) Gramercy holds a pari-passu interest in this asset.
(4) This loan had been in default since December 2007. We reached an agreement with the borrower to, amongst other things, extend the maturity date to January 2013.
(5) The original loan which was scheduled to mature in February 2010 was replaced with two loans which mature in May 2011. The total principal balance remained unchanged. Approximately $10.4 million was redeemed in October 2008.
(6) This loan is in default. The lender has begun foreclosure proceedings. Another participant holds a $12.2 million pari-passu interest in this loan.
(7) This loan was extended for two years to June 2010.
(8) Gramercy is the borrower under this loan. This loan consists of mortgage and mezzanine financing.
(9) This represents specifically allocated loan loss reserves. Our reserves reflect management's judgment of the probability and severity of losses based on Level 3 data. We cannot be certain that our judgment will prove to be correct and that reserves will be adequate over time to protect against potential future losses. This includes a $69.1 million mark-to-market adjustment against our held for sale investment during the year ended December 31, 2009.
(10) This investment was classified as held for sale at December 31, 2009.
(11) This loan is on non-accrual status.

(12) Interest is added to the principal balance for this accrual only loan.
(13) This loan was sold in June 2009, resulting in a realized loss of approximately $38.4 million. This realized loss is included in loan loss reserves.
(14) As part of a restructuring, this mezzanine loan was converted to preferred equity in July 2009. This investment had been classified as held for sale at December 31, 2008.
(15) This loan was in default as it was not repaid upon maturity. We were designated as special servicer for this loan and took over management and leasing of the property under a forbearance agreement. We foreclosed on this property in January 2010.
(16) We acquired Gramercy's interest in this investment in July 2009 for approximately $16.0 million.
(17) This loan was classified as held for sale at June 30, 2009, but as held-to-maturity at December 31, 2009.
(18) We have a committment to fund up to an additional $75.9 million.

## Preferred Equity Investments

As of December 31, 2009 and 2008 we held the following preferred equity investments (in thousands) with an aggregate weighted average current yield of approximately 8.4% (in thousands):

| Type | Gross Investment | Senior Financing | 2009 Amount Outstanding | 2008 Amount Outstanding | Initial Mandatory Redemption |
|---|---|---|---|---|---|
| Preferred equity(1)(3) | $ 15,000 | $2,350,000 | $ 15,000 | $ 15,000 | February 2015 |
| Preferred equity(1)(2)(3)(6)(7) | 51,000 | 210,216 | 41,791 | 51,000 | February 2014 |
| Preferred equity(3)(5) | 34,120 | 88,000 | 31,178 | 30,268 | March 2010 |
| Preferred equity(4) | 44,733 | 990,635 | 46,372 | – | August 2012 |
| Loan loss reserve(3) | – | – | (61,078) | (24,250) | – |
| | $144,853 | $3,638,851 | $ 73,263 | $ 72,018 | |

(1) This is a fixed rate investment.
(2) Gramercy holds a mezzanine loan on the underlying asset.
(3) This represents specifically allocated loan loss reserves. Our reserves reflect management's judgment of the probability and severity of losses based on Level 3 data. We cannot be certain that our judgment will prove to be correct and that reserves will be adequate over time to protect against potential future losses.
(4) This loan was converted from a mezzanine loan to preferred equity in July 2009.
(5) This investment is on non-accrual status.
(6) The difference between the pay and accrual rates is included as an addition to the principal balance outstanding.
(7) This investment was classified as held for sale at June 30, 2009, but as held-to-maturity at December 31, 2009. The reserve previously taken against this loan is being accreted up to the face amount through the maturity date.

The following table is a rollforward of our total loan loss reserves at December 31, 2009 and 2008 (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Balance at beginning of year | $ 98,916 | $ – |
| Expensed | 145,855 | 101,166 |
| Charge-offs | (150,927) | (2,250) |
| Balance at end of period | $ 93,844 | $ 98,916 |

At December 31, 2009, 2008 and 2007 all structured finance investments, other than as noted above, were performing in accordance with the terms of the loan agreements.

## NOTE 6 / INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

We have investments in several real estate joint ventures with various partners, including The Rockefeller Group International Inc., or RGII, The City Investment Fund, or CIF, SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec, or SITQ, a fund managed by JP Morgan Investment Management, or JP Morgan, Prudential Real Estate Investors, or Prudential, Onyx Equities, or Onyx, The Witkoff Group, or Witkoff, Credit Suisse Securities (USA) LLC, or Credit Suisse, Jeff Sutton, or Sutton, and Gramercy, as well as private investors. As we do not control these joint ventures, we account for them under the equity method of accounting.

We assess the accounting treatment for each joint venture on a stand-alone basis. This includes a review of each joint venture or partnership LLC agreement to determine which party has what rights and whether those rights are protective or participating. In situations where our minority partner approves the annual budget, receives a detailed monthly reporting package from us, meets with us on a quarterly basis to review the results of the joint venture, reviews and approves the joint venture's tax return before filing, and approves all leases that cover more than a nominal amount of space relative to the total rentable space at each property we do not consolidate the joint venture as we consider these to be substantive participation rights. Our joint venture agreements also contain certain protective rights such as the requirement of partner approval to sell, finance or refinance the property and the payment of capital expenditures and operating expenditures outside of the approved budget or operating plan.

The table below provides general information on each joint venture as of December 31, 2009 (in thousands):

| Property | Partner | Ownership Interest | Economic Interest | Square Feet | Acquired | Acquisition Price(1) |
|---|---|---|---|---|---|---|
| 1221 Avenue of the Americas(2) | RGII | 45.00% | 45.00% | 2,550 | 12/03 | $1,000,000 |
| 1515 Broadway(3) | SITQ | 55.00% | 68.45% | 1,750 | 05/02 | $ 483,500 |
| 100 Park Avenue | Prudential | 49.90% | 49.90% | 834 | 02/00 | $ 95,800 |
| 379 West Broadway | Sutton | 45.00% | 45.00% | 62 | 12/05 | $ 19,750 |
| 21 West 34th Street(4) | Sutton | 50.00% | 50.00% | 30 | 07/05 | $ 22,400 |
| 800 Third Avenue(5) | Private Investors | 42.95% | 42.95% | 526 | 12/06 | $ 285,000 |
| 521 Fifth Avenue | CIF | 50.10% | 50.10% | 460 | 12/06 | $ 240,000 |
| One Court Square | JP Morgan | 30.00% | 30.00% | 1,402 | 01/07 | $ 533,500 |
| 1604–1610 Broadway(6) | Onyx/Sutton | 45.00% | 63.00% | 30 | 11/05 | $ 4,400 |
| 1745 Broadway(7) | Witkoff/SITQ/Lehman Bros. | 32.26% | 32.26% | 674 | 04/07 | $ 520,000 |
| 1 and 2 Jericho Plaza | Onyx/Credit Suisse | 20.26% | 20.26% | 640 | 04/07 | $ 210,000 |
| 2 Herald Square(8) | Gramercy | 55.00% | 55.00% | 354 | 04/07 | $ 225,000 |
| 885 Third Avenue(9) | Gramercy | 55.00% | 55.00% | 607 | 07/07 | $ 317,000 |
| 16 Court Street | CIF | 35.00% | 35.00% | 318 | 07/07 | $ 107,500 |
| The Meadows(10) | Onyx | 50.00% | 50.00% | 582 | 09/07 | $ 111,500 |
| 388 and 390 Greenwich Street(11) | SITQ | 50.60% | 50.60% | 2,600 | 12/07 | $1,575,000 |
| 27–29 West 34th Street(12) | Sutton | 50.00% | 50.00% | 41 | 01/06 | $ 30,000 |
| 1551–1555 Broadway(13) | Sutton | 10.00% | 10.00% | 26 | 07/05 | $ 80,100 |
| 717 Fifth Avenue(14) | Sutton/Nakash | 32.75% | 32.75% | 120 | 09/06 | $ 251,900 |

(1) Acquisition price represents the actual or implied purchase price for the joint venture.
(2) We acquired our interest from The McGraw-Hill Companies, or MHC. MHC is a tenant at the property and accounted for approximately 14.7% of the property's annualized rent at December 31, 2009. We do not manage this joint venture.
(3) Under a tax protection agreement established to protect the limited partners of the partnership that transferred 1515 Broadway to the joint venture, the joint venture has agreed not to adversely affect the limited partners' tax positions before December 2011. One tenant, whose leases primarily ends in 2015, represents approximately 77.4% of this joint venture's annualized rent at December 31, 2009.
(4) Effective November 2006, we deconsolidated this investment. As a result of the recapitalization of the property, we were no longer the primary beneficiary. Both partners had the same amount of equity at risk and neither partner controlled the joint venture.
(5) We invested approximately $109.5 million in this asset through the origination of a loan secured by up to 47% of the interests in the property's ownership, with an option to convert the loan to an equity interest. Certain existing members have the right to re-acquire approximately 4% of the property's equity. These interests were re-acquired in December 2008 and reduced our interest to 42.95%
(6) Effective April 2007, we deconsolidated this investment. As a result of the recapitalization of the property, we were no longer the primary beneficiary. Both partners had the same amount of equity at risk and neither partner controlled the joint venture.
(7) We have the ability to syndicate our interest down to 14.79%.
(8) We, along with Gramercy, together as tenants-in-common, acquired a fee interest in 2 Herald Square. The fee interest is subject to a long-term operating lease.
(9) We, along with Gramercy, together as tenants-in-common, acquired a fee and leasehold interest in 885 Third Avenue. The fee and leasehold interests are subject to a long-term operating lease.
(10) We, along with Onyx acquired the remaining 50% interest on a pro-rata basis in September 2009.
(11) The property is subject to a 13-year triple-net lease arrangement with a single tenant.
(12) Effective May 2008, we deconsolidated this investment. As a result of the recapitalization of the property, we were no longer the primary beneficiary. Both partners had the same amount of equity at risk and neither partner controlled the joint venture.
(13) Effective August 2008, we deconsolidated this investment. As a result of the sale of 80% of our interest, the joint venture was no longer a VIE.
(14) Effective September 2008, we deconsolidated this investment. As a result of the recapitalization of the property, we were no longer the primary beneficiary.

In May 2008, we, along with our joint venture partner SITQ, closed on the sale of the 39-story, 670,000 square foot Class A office tower located at 1250 Broadway in Manhattan for $310.0 million. We recognized an incentive distribution of approximately $25.0 million in addition to our share of the gain on sale of approximately $93.8 million, which is net of a $1.0 million employee compensation award accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale.

In March 2007, a joint venture between our company, SITQ and SEB Immobilier–Investment GmbH sold One Park Avenue for $550.0 million. We received approximately $108.7 million in proceeds from the sale, approximately $77.2 million of which represented an incentive distribution under our joint venture arrangement with SEB and the balance of approximately $31.5 million was recognized as gain on sale.

In June 2007, a joint venture between our company, Ian Schrager, RFR Holding LLC and Credit Suisse sold Five Madison Avenue-Clock Tower for $200.0 million. We realized an incentive distribution of approximately $5.5 million upon the winding down of the joint venture.

In August 2007, we acquired Gramercy's 45% equity interest in the joint venture that owns One Madison Avenue for approximately $147.2 million (and the assumption of Gramercy's proportionate share of the debt encumbering the property of approximately $305.3 million). In August 2007, an affiliate of ours loaned approximately $146.7 million to GKK Capital L.P. This loan was to be repaid with interest at an annual rate of 5.80% on the earlier of September 1, 2007 or the closing of our purchase from Gramercy of its 45% interest in One Madison Avenue. As a result of our acquisition of Gramercy's interest in August 2007, the loan was repaid with interest on such date. As a result of the acquisition of this interest we own 100% of One Madison Avenue. We accounted for our share of the incentive fee earned from Gramercy of approximately $19.0 million as well as our proportionate share of the gain on sale of approximately $18.3 million as a reduction in the basis of One Madison. See Note 3.

We finance our joint ventures with non-recourse debt. The first mortgage notes payable collateralized by the respective joint venture properties and assignment of leases at December 31, 2009 and 2008, respectively, are as follows (in thousands):

| Property | Maturity date | Interest rate(1) | 2009 | 2008 |
|---|---|---|---|---|
| 1221 Avenue of the Americas(2) | 12/2010 | 2.75% | $ 170,000 | $ 170,000 |
| 1515 Broadway(3) | 12/2014 | 3.15% | $ 475,000 | $ 625,000 |
| 100 Park Avenue(4) | 09/2014 | 6.64% | $ 200,000 | $ 175,000 |
| 379 West Broadway | 07/2011 | 1.89% | $ 20,991 | $ 20,991 |
| 21 West 34th Street | 12/2016 | 5.76% | $ 100,000 | $ 100,000 |
| 800 Third Avenue | 08/2017 | 6.00% | $ 20,910 | $ 20,910 |
| 521 Fifth Avenue | 04/2011 | 1.24% | $ 140,000 | $ 140,000 |
| One Court Square | 09/2015 | 4.91% | $ 315,000 | $ 315,000 |
| 2 Herald Square | 04/2017 | 5.36% | $ 191,250 | $ 191,250 |
| 1604–1610 Broadway(5) | 04/2012 | 5.66% | $ 27,000 | $ 27,000 |
| 1745 Broadway | 01/2017 | 5.68% | $ 340,000 | $ 340,000 |
| 1 and 2 Jericho Plaza | 05/2017 | 5.65% | $ 163,750 | $ 163,750 |
| 885 Third Avenue | 07/2017 | 6.26% | $ 267,650 | $ 267,650 |
| The Meadows | 09/2012 | 1.59% | $ 85,478 | $ 84,527 |
| 388 and 390 Greenwich Street(6) | 12/2017 | 5.08% | $1,138,379 | $1,138,379 |
| 16 Court Street | 10/2010 | 1.84% | $ 88,573 | $ 83,658 |
| 27–29 West 34th Street(7) | 05/2011 | 1.89% | $ 54,800 | $ 38,596 |
| 1551–1555 Broadway(8) | 10/2011 | 3.71% | $ 133,600 | $ 106,222 |
| 717 Fifth Avenue(9) | 09/2011 | 5.25% | $ 245,000 | $ 245,000 |

(1) Interest rate represents the effective all-in weighted average interest rate for the quarter ended December 31, 2009.
(2) This loan has an interest rate based on the 30-day LIBOR plus 75 basis points. $65.0 million of this loan has been hedged through December 2010. The hedge fixed the LIBOR rate at 4.8%.
(3) The $625.0 million interest only loan carried an interest rate of 90 basis points over the 30-day LIBOR. The mortgage was subject to a one-year as-of-right renewal option through November 2010. In December 2009 the $625.0 million mortgage was repaid and replaced with a $475.0 million mortgage. In connection with the refinancing, the partners made a $163.9 million capital contribution to the joint venture.
(4) This loan was refinanced in September 2009, and replaced a $175.0 million construction loan which was scheduled to mature in November 2015 and which carried a fixed interest rate of 6.52%. The new loan has a committed amount of $215.0 million.
(5) This loan went into default in November 2009 due to the non-payment of debt service. The joint venture is in discussions with the special servicer to resolve this default.
(6) Comprised of a $576.0 million mortgage and a $562.4 million mezzanine loan, both of which are fixed rate loans, except for $16.0 million of the mortgage and $15.6 million of the mezzanine loan which are floating. Up to $200.0 million of the mezzanine loan, secured indirectly by these properties, is recourse to us. We believe it is unlikely that we will required to perform under this guarantee.
(7) This construction facility had a committed amount of $55.0 million. This loan was fully funded in September 2009.
(8) This construction loan had a committed amount of $138.6 million. This loan was fully funded in September 2009 at the reduced committed amount of $133.6 million.
(9) This loan has a committed amount of $285.0 million.

We act as the operating partner and day-to-day manager for all our joint ventures, except for 1221 Avenue of the Americas, 800 Third Avenue, 1 and 2 Jericho Plaza and The Meadows. We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to our joint ventures. We earned approximately $19.0 million, $16.4 million and $13.3 million from these services for the years ended December 31, 2009, 2008 and 2007 respectively. In addition, we have the ability to earn incentive fees based on the ultimate financial performance of certain of the joint venture properties.

In April 2009, we sold our remaining 50 percent partnership interest in 55 Corporate Drive, NJ (pad IV) to Mack-Cali Realty Corporation (NYSE: CLI). We received total proceeds of $4.5 million and recognized a gain on sale of approximately $4.0 million. In connection with this transaction, we also sold our interest in the Mack-Green joint venture to Mack-Cali for $500,000.

In June 2009, we sold an equity interest in 1166 Avenue of the Americas for $5.0 million and recognized a loss of approximately $5.2 million on the sale.

## Gramercy Capital Corp.

In April 2004, we formed Gramercy. Gramercy is an integrated commercial real estate specialty finance and property investment company. Gramercy's commercial real estate finance business, which operates under the name Gramercy Finance, focuses on the direct origination and acquisition of whole loans, subordinate interests in whole loans, mezzanine loans, preferred equity, commercial mortgage-backed securities and other real estate related securities. Gramercy's property investment business, which operates under the name Gramercy Realty, focuses on the acquisition and management of commercial properties net leased primarily to financial institutions and affiliated users throughout the United States. Gramercy qualified as a REIT for federal income tax purposes and expects to qualify for its current fiscal year. During the term of the origination agreement between Gramercy and us, which was terminated as of April 24, 2009 in connection with Gramercy's internalization of GKK Manager LLC, or the Manager, (our former wholly-owned subsidiary which was the external manager to Gramercy) which we refer to as the GKK Internalization, we had the right to purchase up to 25% of the shares in any future offering of Gramercy's common stock in order to maintain our percentage ownership interest in Gramercy. At December 31, 2009, we held 6,219,370 shares, or approximately 12.47% of Gramercy's common stock. Our total investment had a net book value of zero at December 31, 2009. The market value of our common stock investment in Gramercy was approximately $16.1 million at December 31, 2009. Gramercy is a variable interest entity, but we are not the primary beneficiary.

In connection with Gramercy's initial public offering, the Manager, which at the time was an affiliate of ours, entered into a management agreement with Gramercy, which provided for an initial term through December 2007, with automatic one-year extension options and certain termination rights. In April 2006, we and Gramercy entered into an amended and restated management agreement, and Gramercy's board of directors approved, among other things, an extension of the management agreement through December 2009. The management agreement was further amended in September 2007 and amended and restated in October 2008 and was subsequently terminated on April 24, 2009 in connection with the GKK Internalization. Prior to the GKK Internalization, Gramercy paid the Manager an annual management fee equal to 1.75% (1.50% effective October 1, 2008) of their gross stockholders' equity (as defined in the management agreement), inclusive of trust preferred securities issued by Gramercy or its affiliates. In addition, Gramercy also paid the Manager a collateral management fee (as defined in the management agreement). In connection with any and all collateralized debt obligations, or CDOs, except for the 2005 CDO, or other securitization vehicles formed, owned or controlled, directly or indirectly, by Gramercy, which provided for a collateral manager to be retained, the Manager with respect to such CDOs and other securitization vehicles, received management, service and similar fees equal to (i) 0.25% per annum of the principal amount outstanding of bonds issued by a managed transitional CDO that are owned by third-party investors unaffiliated with Gramercy or the Manager, which CDO is structured to own loans secured by transitional properties, (ii) 0.15% per annum of the book value of the principal amount outstanding of bonds issued by a managed non-transitional CDO that are owned by third-party investors unaffiliated with Gramercy or the Manager, which CDO is structured to own loans secured by non-transitional properties, (iii) 0.10% per annum of the principal amount outstanding of bonds issued by a static CDO that are owned by third-party investors unaffiliated with Gramercy or the Manager, which CDO is structured to own non-investment grade bonds, and (iv) 0.05% per annum of the principal amount outstanding of bonds issued by a static CDO that are owned by third-party investors unaffiliated with Gramercy or the Manager, which CDO is structured to own investment grade bonds. For the purposes of the management agreement, a "managed transitional" CDO meant a CDO that is actively managed, has a reinvestment period and is structured to own debt collateral secured primarily by non-stabilized real estate assets that are expected to experience substantial net operating income growth, and a "managed non-transitional" CDO meant a CDO that is actively managed, has a reinvestment period and is structured to own debt collateral secured primarily by stabilized real estate assets that are not expected to experience substantial net operating income growth. Both "managed transitional" and "managed non-transitional" CDOs may at any given time during the reinvestment period of the respective vehicles invest in and own non-debt collateral (in limited quantity) as defined by the respective indentures. In connection with the closing of Gramercy's first CDO in July 2005, Gramercy entered into a collateral management agreement with the Manager. Pursuant to the collateral management agreement, the Manager agreed to provide certain advisory and administrative services in relation to the collateral debt securities and other eligible investments securing the CDO notes. The collateral management agreement provided for a senior collateral management fee, payable quarterly in accordance with the priority of payments as set forth in the indenture, equal to 0.15% per annum of the net outstanding portfolio balance, and a subordinate collateral management fee, payable quarterly in accordance with the priority of payments as set forth in the indenture, equal to 0.25% per annum of the net outstanding portfolio balance. Net outstanding portfolio balance is the sum of the (i) aggregate principal balance of the collateral debt securities, excluding defaulted securities, (ii) aggregate principal balance of all principal proceeds held as cash and eligible investments in certain accounts, and (iii) with respect to the defaulted securities, the calculation amount of such defaulted securities. As compensation for the performance of its obligations as collateral manager under the first CDO, Gramercy's board of directors had allocated to the Manager the subordinate collateral management fee paid on securities not held by Gramercy. The senior collateral management fee and balance of the subordinate collateral management fee was allocated to Gramercy. For the years ended December 31, 2009, 2008 and 2007 we received an aggregate of approximately none, $21.1 million and $13.1 million, respectively, in fees under the management agreement and none, $2.6 million and $4.7 million, respectively, under the collateral management agreement. Fees payable to the Manager under the collateral management agreement were remitted to Gramercy for all periods subsequent to June 30, 2008.

In 2008, we, as well as Gramercy, each formed special committees comprised solely of independent directors to consider whether the GKK Internalization and/or amendment to the management agreement would be in the best interest of each company and its respective shareholders. The GKK Internalization was completed on April 24, 2009 through the direct acquisition by Gramercy of the Manager.

On October 27, 2008, the Manager entered into a Second Amended and Restated Management Agreement (the "Second Amended Management Agreement") with Gramercy and GKK Capital LP. The Second Amended Management Agreement generally contained the same terms and conditions as the Amended and Restated Management Agreement, dated as of April 19, 2006, except for the following material changes: (i) reduced the annual base management fee payable by Gramercy to the Manager to 1.50% of Gramercy's stockholders' equity (effective October 1, 2008); (ii) reduced the termination fee to an amount equal to the management fee earned by the Manager during the 12-month period immediately preceding the effective date of the termination; and (iii) provided that all management, service and similar fees relating to Gramercy's CDOs that the Manager was entitled to receive were to be remitted by the Manager to Gramercy for any period subsequent to July 1, 2008. The Second Amended Management Agreement was terminated in connection with the GKK Internalization.

In September 2007, the Manager earned a $1.0 million collateral selection fee payable by Nomura International plc. Gramercy purchased $18.0 million of par of the same securities from which the collateral selection fee was earned. As part of the closing on the securities purchased, Gramercy collected and immediately remitted the fee due to the Manager.

Prior to the GKK Internalization, to provide an incentive for the Manager to enhance the value of Gramercy's common stock, we, along with the other holders of Class B limited partner interests in Gramercy's operating partnership, were entitled to an incentive return payable through the Class B limited partner interests in Gramercy's operating partnership, equal to 25% of the amount by which funds from operations (as defined in Gramercy's amended and restated partnership agreement) plus certain accounting gains exceed the product of the weighted average stockholders' equity of Gramercy multiplied by 9.5% (divided by four to adjust for quarterly calculations). We recorded distributions on the Class B limited partner interests as incentive distribution income in the period when earned and when receipt of such amounts became probable and reasonably estimable in accordance with Gramercy's amended and restated partnership agreement as if such agreement had been terminated on that date. We earned approximately none, $5.1 million and $13.3 million under this agreement for the years ended December 31, 2009, 2008 and 2007, respectively. The $5.1 million incentive fee was returned to Gramercy in the fourth quarter of 2008. During the fourth quarter of 2008, we entered into an agreement with Gramercy which, among other matters, obligated Gramercy and us to use commercially reasonable efforts to obtain the consents of certain lenders to Gramercy and its subsidiaries to the GKK Internalization. Consent was received by Gramercy and the GKK Internalization was completed in April 2009. Amounts payable to the Class B limited partner interests were waived since July 1, 2008. We also expensed our approximately $14.9 million investment in GKK Manager, LLC. The 2007 incentive fees exclude approximately $19.0 million of incentive fees earned upon the sale of a 45% equity interest in One Madison Avenue by Gramercy to us. We accounted for this incentive fee as a reduction of the basis in One Madison.

On October 27, 2008, the Manager entered into a letter agreement (the "Letter Agreement") with the operating partnership, Gramercy, GKK Capital LP and the individual limited partners of GKK Capital LP party thereto, pursuant to which the holders of the Class B limited partner interests of GKK Capital LP agreed to waive their respective rights to receive distributions payable on the Class B limited partner interests in respect of the period commencing July 1, 2008 and ending on December 31, 2008. For all periods from and after January 1, 2009, the holders of the Class B limited partner interests were entitled to receive distributions from GKK Capital LP in accordance with the partnership agreement of GKK Capital LP, except that Gramercy could, at its option, elect to assume directly and satisfy the right of the holders to receive distributions, if permissible under applicable law or the requirements of the exchange on which the shares of common stock trade, in shares of common stock. In addition, the Letter Agreement provided that Gramercy would not amend certain provisions of its charter and bylaws related to indemnification of directors and officers in a manner that was adverse to the operating partnership or any of the individuals party to the Letter Agreement, other than any amendments that would only apply to acts or omissions occurring after the date of such amendment.

In May 2005, our Compensation Committee approved long-term incentive performance awards pursuant to which certain of our officers and employees, including some of whom are our senior executive officers, were awarded a portion of the interests previously held by us in the Manager, which at the time was an affiliate of ours, as well as in the Class B limited partner interests in Gramercy's operating partnership. The vesting of these awards was dependent upon, among other things, tenure of employment and the performance of our investment in Gramercy. These awards vested in May 2008. We recorded compensation expense of approximately none, $0.9 million and $2.9 million for the years ended December 31, 2009, 2008 and 2007, respectively, related to these awards. The officers and employees who received the awards owned 15.6 units, or 15.6%, of the Class B limited partner interests and 15.6% of the Manager. During the second quarter of 2008, we acquired an additional 12.42% ownership interest in the Manager. Pursuant to an agreement dated December 30, 2008, all the Class B limited partner interests and the remaining 15.6% interest in the Manager were transferred to us. On April 24, 2009, Gramercy acquired all the interests in the Manager and all the Class B limited partner interests from us for no consideration.

Prior to the GKK Internalization, Gramercy was obligated to reimburse the Manager for its costs incurred under an asset servicing agreement and an outsourcing agreement between the Manager and us. The asset servicing agreement, which was amended and restated in April 2006, provided for an annual fee payable to us of 0.05% of the book value of all Gramercy's credit tenant lease assets and non-investment grade bonds and 0.15% of the book value of all other Gramercy assets. The outsourcing agreement provided for a fee of $2.7 million per year, increasing 3% annually over the prior year. For the years ended December 31, 2009, 2008 and 2007, the Manager received an aggregate of approximately $1.0 million, $6.3 million and $4.9 million, respectively, under the outsourcing and asset servicing agreements. On October 27, 2008, the Manager and SLG Gramercy Services LLC (the "Servicer") entered into an agreement, which was also acknowledged and agreed to by Gramercy, to terminate, effective as of September 30, 2008, the Amended and Restated Asset Servicing Agreement, dated as of April 19, 2006. On October 27, 2008, the Manager and the operating partnership entered into an agreement to terminate, effective as of September 30, 2008, the Amended and Restated Outsource Agreement, dated as of April 19, 2006.

On October 27, 2008, we, Gramercy and GKK Capital LP entered into a services agreement (the "Services Agreement") pursuant to which we provided consulting and other services to Gramercy. We made certain members of management available in connection with the provision of the services until the completion of the GKK Internalization on April 24, 2009. In consideration for the consulting services, we received from Gramercy a fee of $200,000 per month, payable, at Gramercy's option, in cash or, if permissible under applicable law or the requirements of the exchange on which the shares of Gramercy's common stock trade, in shares of common stock. We also provided Gramercy with certain other services described in the Services Agreement for a fee of $100,000 per month in cash until April 24, 2009. The Services Agreement was terminated in connection with the GKK Internalization. Since October 27, 2008, an affiliate of ours has served as special servicer for certain assets held by Gramercy or its affiliates and assigned its duties to a subsidiary of the Manager.

All fees earned from Gramercy are included in Other Income in the accompanying Statements of Income.

Effective May 2005, June 2009 and October 2009, Gramercy entered into lease agreements with an affiliate of ours, for their corporate offices at 420 Lexington Avenue, New York, NY. The first lease is for approximately 7,300 square feet and carries a term of ten years with rents of approximately $249,000 per annum for year one increasing to $315,000 per annum in year ten. The second lease is for approximately 900 square feet pursuant to a lease which ends in April 2015, with annual rent under this lease of approximately $35,300 per annum for year one increasing to $42,800 per annum in year six. The third lease is for approximately 1,400 square feet pursuant to a lease which ends in April 2015, with annual rent under this lease of approximately $67,300 per annum for year one increasing to $80,500 per annum in year six.

Gramercy holds tenancy-in-common interests along with us in 2 Herald Square and 885 Third Avenue. See Note 5 for information on our structured finance investments in which Gramercy also holds an interest.

An affiliate of ours held an investment in Gramercy's preferred stock with a book value of approximately $0.6 million at December 31, 2009.

In April 2008, Gramercy completed the acquisition of American Financial Realty Trust, or AFR, in a transaction with a total value of approximately $3.3 billion. In addition, Gramercy assumed an aggregate of approximately $1.3 billion of AFR secured debt. We provided $50.0 million of financing as part of an $850.0 million loan to Gramercy in connection with this acquisition (See Note 5). As a result of this acquisition, the Board of Directors of Gramercy awarded 644,787 restricted shares of Gramercy's common stock to us, subject to a one-year vesting period, in respect of services rendered. We recognized income of approximately $6.6 million from these shares, which was recorded in other income in the accompanying Statements of Income.

On October 27, 2008, Marc Holliday, our Chief Executive Officer, Andrew Mathias, our President and Chief Investment Officer and Gregory F. Hughes, our Chief Financial Officer and Chief Operating Officer resigned as Chief Executive Officer, Chief Investment Officer and Chief Credit Officer, respectively, of Gramercy. Mr. Holliday also resigned as President of Gramercy effective as of October 28, 2008. Mr. Holliday and Mr. Mathias will remain as consultants to Gramercy through the earliest of (i) September 30, 2009, (ii) the termination of the Second Amended Management Agreement or (iii) the termination of their respective employment with us. This agreement was terminated in connection with the GKK Internalization.

On October 28, 2008, Gramercy announced the appointment of Roger M. Cozzi, as President and Chief Executive Officer, effective immediately. Effective as of November 13, 2008, Timothy J. O'Connor was appointed as President of Gramercy. Mr. Holliday remains a board member of Gramercy.

In 2009, we, as well as an affiliate of ours, entered into consulting agreements with Gramercy who will provide services required for the evaluation, acquisition, disposition and portfolio management of

CMBS investments. We will pay 10 basis points and our affiliate will pay 25 basis points of the principal amount of all trades executed. We, as well as our affiliate, paid an aggregate of approximately $0.1 million for such services in 2009.

The condensed combined balance sheets for the unconsolidated joint ventures at December 31, 2009 and 2008, are as follows (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Assets | | |
| Commercial real estate property, net | $6,095,668 | $ 9,739,017 |
| Structured finance investments | – | 3,226,922 |
| Other assets | 665,065 | 1,556,593 |
| Total assets | $6,760,733 | $14,522,532 |
| Liabilities and members' equity | | |
| Mortgages payable | $4,177,382 | $ 6,768,594 |
| Other loans | – | 3,026,262 |
| Other liabilities | 276,805 | 1,458,256 |
| Members' equity | 2,306,546 | 3,269,420 |
| Total liabilities and members' equity | $6,760,733 | $14,522,532 |
| Company's net investment in unconsolidated joint ventures | $1,058,369 | $ 975,483 |

The condensed combined statements of operations for the unconsolidated joint ventures from acquisition date through December 31, 2009 are as follows (in thousands):

| | 2009 | 2008 | 2007 |
|---|---|---|---|
| Total revenues | $689,087 | $1,357,219 | $876,819 |
| Operating expenses | 120,215 | 395,872 | 201,125 |
| Real estate taxes | 84,827 | 109,002 | 79,182 |
| Interest | 208,295 | 499,710 | 371,632 |
| Depreciation and amortization | 156,470 | 210,425 | 108,187 |
| Total expenses | 569,807 | 1,215,009 | 760,126 |
| Net income before gain on sale | $119,280 | $ 142,210 | $116,693 |
| Company's equity in net income of unconsolidated joint ventures | $ 62,878 | $ 59,961 | $ 46,765 |

## NOTE 7 / INVESTMENT IN AND ADVANCES TO AFFILIATES

### Service Corporation

Income from management, leasing and construction contracts from third parties and joint venture properties is realized by the Service Corporation. In order to maintain our qualification as a REIT, we, through our operating partnership, own 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporation. Our operating partnership receives substantially all of the cash flow from the Service Corporation's operations through dividends on its equity interest. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by our affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. Effective July 1, 2003, we consolidated the operations of the Service Corporation because it is considered to be a variable interest entity and we are the primary beneficiary. For the years ended December 31, 2009, 2008 and 2007, the Service Corporation earned approximately $13.8 million, $11.6 million and $12.9 million of revenue and incurred approximately $11.4 million, $10.5 million and $10.3 million in expenses, respectively. Effective January 1, 2001, the Service Corporation elected to be treated as a TRS.

All of the management, leasing and construction services with respect to our wholly-owned properties are conducted through SL Green Management LLC, which is 100% owned by our operating partnership.

### eEmerge

In May 2000, our operating partnership formed eEmerge, Inc., a Delaware corporation, or eEmerge. eEmerge is a separately managed, self-funded company that provides fully-wired and furnished office space, services and support to businesses.

In March 2002, we acquired all the voting common stock of eEmerge Inc. As a result, we control all the common stock of eEmerge.

Effective with the quarter ended March 31, 2002, we consolidated the operations of eEmerge. Effective January 1, 2001, eEmerge elected to be taxed as a TRS.

In June 2000, eEmerge and Eureka Broadband Corporation, or Eureka, formed eEmerge.NYC LLC, a Delaware limited liability company, or ENYC, in which eEmerge had a 95% interest and Eureka had a 5% interest in ENYC. During the third quarter of 2006, ENYC acquired the interest held by Eureka. As a result, eEmerge owns 100% of ENYC. ENYC operates a 71,700-square-foot fractional office suites business. In 2000, ENYC entered into a 10-year lease with our operating partnership for its 50,200-square-foot premises, which is located at 440 Ninth Avenue, Manhattan. In 2005 ENYC entered into another 10-year lease with our operating partnership for its 21,500-square-foot premises at 28 West 44th Street, Manhattan. Allocations of net profits, net losses and distributions are made in accordance with the Limited Liability Company Agreement of ENYC. Effective with the quarter ended March 31, 2002, we consolidated the operations of ENYC.

## NOTE 8 / DEFERRED COSTS

Deferred costs at December 31 consisted of the following (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Deferred financing | $ 68,181 | $ 63,262 |
| Deferred leasing | 163,372 | 146,951 |
| | 231,553 | 210,213 |
| Less accumulated amortization | (92,296) | (77,161) |
| Total deferred costs | $139,257 | $133,052 |

## NOTE 9 / MORTGAGE NOTES PAYABLE

The first mortgage notes payable collateralized by the respective properties and assignment of leases at December 31, 2009 and 2008, respectively, were as follows (in thousands):

| Property | Maturity Date | Interest Rate(2) | 2009 | 2008 |
|---|---|---|---|---|
| 711 Third Avenue(1) | 06/2015 | 4.99% | $ 120,000 | $ 120,000 |
| 420 Lexington Avenue(1)(8) | 09/2016 | 7.52% | 150,561 | 110,013 |
| 673 First Avenue(1) | 02/2013 | 5.67% | 31,608 | 32,388 |
| 220 East 42nd Street(1) | 11/2013 | 5.24% | 198,871 | 202,780 |
| 625 Madison Avenue(1)(9) | 11/2015 | 7.22% | 135,117 | 97,583 |
| 609 Fifth Avenue(1) | 10/2013 | 5.85% | 97,952 | 99,319 |
| 609 Partners, LLC(1)(11) | 07/2014 | 5.00% | 41,391 | 63,891 |
| 485 Lexington Avenue(1) | 02/2017 | 5.61% | 450,000 | 450,000 |
| 120 West 45th Street(1) | 02/2017 | 6.12% | 170,000 | 170,000 |
| 919 Third Avenue(1)(3) | 08/2011 | 6.87% | 224,104 | 228,046 |
| 300 Main Street(1) | 02/2017 | 5.75% | 11,500 | 11,500 |
| 399 Knollwood Rd(1)(10) | – | – | – | 18,728 |
| 500 West Putnam(1) | 01/2016 | 5.52% | 25,000 | 25,000 |
| 141 Fifth Avenue(1)(4) | 06/2017 | 5.70% | 25,000 | 25,000 |
| One Madison Avenue(1)(5) | 05/2020 | 5.91% | 651,917 | 663,071 |
| Total fixed rate debt | | | 2,333,021 | 2,317,319 |
| 180/182 Broadway(1)(6) | 02/2011 | 2.49% | 22,534 | 21,183 |
| Landmark Square(1)(7) | 02/2010 | 2.09% | 116,517 | 128,000 |
| 28 West 44th Street(1) | 08/2013 | 2.29% | 123,480 | 124,856 |
| Total floating rate debt | | | 262,531 | 274,039 |
| Total mortgage notes payable | | | $2,595,552 | $2,591,358 |

(1) Held in bankruptcy remote special purpose entity.
(2) Effective interest rate for the quarter ended December 31, 2009.
(3) We own a 51% controlling interest in the joint venture that is the borrower on this loan. This loan is non-recourse to us.
(4) We own a 50% controlling interest in the joint venture that is the borrower on this loan. This loan is non-recourse to us. This loan was refinanced in June 2007.
(5) From April 2005 until August 2007, we held a 55% partnership interest in the joint venture that owned this property. We now own 100% of the property.
(6) We own a 50% controlling interest in the joint venture that is the borrower on this loan. This loan is non-recourse to us.
(7) This loan has two one-year as-of-right renewal options. In June 2009, we paid this loan down by approximately $8.9 million.
(8) The $108.1 million loan which had an original maturity date in November 2010 and carried a fixed interest rate of 8.44% was repaid in August 2009. The new loan was upsized by $6.0 million in November 2009.
(9) In July 2009, we upsized this loan by $40.0 million resulting in a blended fixed interest rate of 7.22%.
(10) This loan was assumed by the purchaser upon sale of the property in August 2009.
(11) This loan was paid down by $22.5 million in August 2009.

At December 31, 2009 and 2008 the gross book value of the properties collateralizing the mortgage notes was approximately $4.5 billion and $4.6 billion, respectively.

Interest expense, excluding capitalized interest, was comprised of the following (in thousands):

| | Years Ended December 31, 2009 | 2008 | 2007 |
|---|---|---|---|
| Interest expense | $240,605 | $299,706 | $265,247 |
| Interest income | (4,305) | (8,170) | (8,306) |
| Interest expense, net | $236,300 | $291,536 | $256,941 |
| Interest capitalized | $ 98 | $ 2,375 | $ 11,351 |

## NOTE 10 / CORPORATE INDEBTEDNESS

### 2007 Unsecured Revolving Credit Facility

We have a $1.5 billion unsecured revolving credit facility, or the 2007 unsecured revolving credit facility. The 2007 unsecured revolving credit facility bears interest at a spread ranging from 70 basis points to 110 basis points over LIBOR, based on our leverage ratio. This facility matures in June 2011 and has a one-year as-of-right extension option. The 2007 unsecured revolving credit facility also requires a 12.5 to 20 basis point fee on the unused balance payable annually in arrears. The 2007 unsecured revolving credit facility had approximately $1.37 billion outstanding and carried a spread over LIBOR of 90 basis points at December 31, 2009. Availability under the 2007 unsecured revolving credit facility was further reduced at December 31, 2009 by the issuance of approximately $27.1 million in letters of credit. The effective all-in interest rate on the 2007 unsecured revolving credit facility was 1.35% for the year ended December 31, 2009. The 2007 unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

In August 2009, we amended our 2007 unsecured revolving credit facility to provide us with the ability to acquire a portion of the loans outstanding under our 2007 unsecured revolving credit facility. In August 2009, a subsidiary of ours repurchased approximately $48.0 million of the total commitment, and we realized gains on early extinguishment of debt of approximately $7.1 million.

### Term Loans

In December 2007, we closed on a $276.7 million ten-year term loan which carried an effective fixed interest rate of 5.19%. This loan was secured by our interest in 388 and 390 Greenwich Street. This secured term loan, which was scheduled to mature in December 2017, was repaid and terminated in May 2008.

### Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures by scheduled maturity date as of December 31, 2009 (in thousands):

| Issuance | Accreted Balance | Coupon Rate(5) | Term (in Years) | Maturity |
|---|---|---|---|---|
| January 22, 2004(1)(2) | $123,607 | 5.15% | 7 | January 15, 2011 |
| August 13, 2004(1) | 150,000 | 5.875% | 10 | August 15, 2014 |
| March 31, 2006(1) | 274,727 | 6.00% | 10 | March 31, 2016 |
| June 27, 2005(1)(3) | 114,821 | 4.00% | 20 | June 15, 2025 |
| March 26, 2007(4) | 159,905 | 3.00% | 20 | March 30, 2027 |
| | $823,060 | | | |

(1) Assumed as part of the Reckson Merger.

(2) During the year ended December 31, 2009, we repurchased approximately $26.4 million of these notes and realized net gains on early extinguishment of debt of approximately $2.5 million.

(3) Exchangeable senior debentures which are callable after June 17, 2010 at 100% of par. In addition, the debentures can be put to us, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2010, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the Reckson Merger, the adjusted exchange rate for the debentures is 7.7461 shares of our common stock per $1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is $1.3491. During the year ended December 31, 2009, we repurchased approximately $69.1 million of these bonds and realized net gains on early extinguishment of debt of approximately $1.0 million. On the date of the Merger $13.1 million was recorded in equity. As of December 31, 2009, approximately $1.2 million remained unamortized.

(4) In March 2007, we issued $750.0 million of these convertible bonds. Interest on these notes is payable semi-annually on March 30 and September 30. The notes have an initial exchange rate representing an exchange price that is at a 25.0% premium to the last reported sale price of our common stock on March 20, 2007, or $173.30. The initial exchange rate is subject to adjustment under certain circumstances. The notes are senior unsecured obligations of our operating partnership and are exchangeable upon the occurrence of specified events, and during the period beginning on the twenty second scheduled trading day prior to the maturity date and ending on the second business day prior to the maturity date, into cash or a combination of cash and shares of our common stock, if any, at our option. The notes are redeemable, at our option, on and after April 15, 2012. We may be required to repurchase the notes on March 30, 2012, 2017 and 2022, and upon the occurrence of certain designated events. The net proceeds from the offering were approximately $736.0 million, after deducting estimated fees and expenses. The proceeds of the offering were used to repay certain of our existing indebtedness, make investments in additional properties, and make open market purchases of our common stock and for general corporate purposes. During the year ended December 31, 2009, we repurchased approximately $421.1 million of these bonds and realized net gains on early extinguishment of debt of approximately $75.4 million. On the issuance date, $66.6 million was recorded in equity. As of December 31, 2009, approximately $8.7 million remained unamortized.

(5) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.

In March 2009, the $200.0 million, 7.75% unsecured notes, assumed as part of the Reckson Merger, matured and were redeemed at par.

### Restrictive Covenants

The terms of the 2007 unsecured revolving credit facility and senior unsecured notes include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage and fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable us to continue to qualify as a REIT for Federal Income Tax purposes, we will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of funds from operations for such period, subject to certain other adjustments. As of December 31, 2009 and 2008, we were in compliance with all such covenants.

### Junior Subordinate Deferrable Interest Debentures

In June 2005, we issued $100.0 million in unsecured floating rate trust preferred securities through a newly formed trust, SL Green Capital Trust I, or the Trust that is a wholly-owned subsidiary of our operating partnership. The securities mature in 2035 and bear interest at a fixed rate of 5.61% for the first ten years ending July 2015, a period of up to eight consecutive quarters if our operating partnership exercises its right to defer such payments. The trust preferred securities are redeemable, at the option of our operating partnership, in whole or in part, with no prepayment premium any time after July 2010. We do not consolidate the Trust even though it is a variable interest entity as we are not the primary beneficiary. Because the Trust is not consolidated, we have recorded the debt on our balance sheet and the related payments are classified as interest expense.

## Principal Maturities

Combined aggregate principal maturities of mortgages and notes payable, 2007 unsecured revolving credit facility, trust preferred securities, senior unsecured notes and our share of joint venture debt as of December 31, 2009, including as-of-right extension options, were as follows (in thousands):

| | Scheduled Amortization | Principal Repayments | Revolving Credit Facility | Trust Preferred Securities | Senior Unsecured Notes | Total | Joint Venture Debt |
|---|---|---|---|---|---|---|---|
| 2010 | $28,557 | $ – | $ – | $ – | $114,821 | $ 143,378 | $ 115,130 |
| 2011 | 29,995 | 239,190 | – | – | 123,607 | 392,792 | 206,951 |
| 2012 | 33,459 | 116,516 | 1,374,076 | – | 159,905 | 1,683,956 | 60,759 |
| 2013 | 34,086 | 420,310 | – | – | – | 454,396 | 6,684 |
| 2014 | 30,052 | – | – | – | 150,000 | 180,052 | 334,499 |
| Thereafter | 170,636 | 1,492,751 | – | 100,000 | 274,727 | 2,038,114 | 1,124,699 |
| | $326,785 | $2,268,767 | $1,374,076 | $100,000 | $823,060 | $4,892,688 | $1,848,722 |

## NOTE 11 / FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosures of estimated fair value were determined by management, using available market information and appropriate valuation methodologies as discussed in Note 2. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and cash equivalents, accounts receivable and accounts payable balances reasonably approximate their fair values due to the short maturities of these items. Mortgage notes payable, junior subordinate deferrable interest debentures and the senior unsecured notes had an estimated fair value based on discounted cash flow models, based on Level 3 inputs, of approximately $2.9 billion, compared to the book value of the related fixed rate debt of approximately $3.3 billion. Our floating rate debt, inclusive of our 2007 unsecured revolving credit facility, had an estimated fair value based on discounted cash flow models, based on Level 3 inputs, of approximately $1.5 billion, compared to the book value of approximately $1.6 billion. Our structured finance investments had an estimated fair value ranging between $471.8 million and $707.2 million, compared to the book value of approximately $785.6 million at December 31, 2009.

Disclosure about fair value of financial instruments is based on pertinent information available to us as of December 31, 2009. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

## NOTE 12 / RENTAL INCOME

The operating partnership is the lessor and the sublessor to tenants under operating leases with expiration dates ranging from January 1, 2010 to 2037. The minimum rental amounts due under the leases are generally either subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse us for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum rents to be received over the next five years and thereafter for non-cancelable operating leases in effect at December 31, 2009 for the consolidated properties, including consolidated joint venture properties, and our share of unconsolidated joint venture properties are as follows (in thousands):

| | Consolidated Properties | Unconsolidated Properties |
|---|---|---|
| 2010 | $ 710,928 | $ 247,279 |
| 2011 | 671,363 | 244,416 |
| 2012 | 633,502 | 245,023 |
| 2013 | 582,121 | 241,049 |
| 2014 | 526,223 | 220,899 |
| Thereafter | 2,496,055 | 991,846 |
| | $5,620,192 | $2,190,512 |

## NOTE 13 / RELATED PARTY TRANSACTIONS

### Cleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors. First Quality also provides additional services directly to tenants on a separately negotiated basis. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corp. has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to tenants above the base services specified in their lease agreements. The Service Corp. received approximately $1.6 million, $1.4 million and $0.7 million for the years ended December 31, 2009, 2008 and 2007, respectively. First Quality leases 26,800 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2015. We received approximately $75,000 in rent from Alliance in 2007. We sold this property in March 2007. We paid Alliance approximately $14.9 million, $15.1 million and $14.8 million for the three years ended December 31, 2009, respectively, for these services (excluding services provided directly to tenants).

### Leases

Nancy Peck and Company leases 1,003 square feet of space at 420 Lexington Avenue under a lease that ends in August 2015. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due pursuant to the lease is $35,516 per year. From February 2007 through December 2008, Nancy Peck and Company leased 507 square feet of space at 420 Lexington Avenue pursuant to a lease which provided for annual rental payments of approximately $15,210. Prior to February 2007, Nancy Peck and Company leased 2,013 square feet of space at 420 Lexington Avenue, pursuant to a lease that expired on June 30, 2005 and which provided for annual rental payments of approximately $66,000. The rent due pursuant to that lease was offset against a consulting fee of $11,025 per month an affiliate paid to her pursuant to a consulting agreement, which was cancelled in July 2006.

### Brokerage Services

Cushman & Wakefield Sonnenblick-Goldman, LLC, or Sonnenblick, a nationally recognized real estate investment banking firm, provided mortgage brokerage services to us. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financings. In 2009, we paid approximately $428,000 to Sonnenblick in connection with the purchase of a sub-leasehold interest and the refinancing of 420 Lexington Avenue. In 2007, we paid approximately $2.0 million to Sonnenblick in connection with the financings obtained for 388–390 Greenwich Street, 16 Court Street, 485 Lexington Avenue and 1604 Broadway.

In 2007, we paid a consulting fee of $525,000 to Stephen Wolff, the brother-in-law of Marc Holliday, in connection with our aggregate investment of $119.1 million in the joint venture that owns 800 Third Avenue and approximately $68,000 in connection with our acquisition of 16 Court Street for $107.5 million.

### Management Fees

S.L. Green Management Corp. receives property management fees from an entity in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entity was approximately $351,700 in 2009, $353,500 in 2008 and $297,100 in 2007.

### Other

Amounts due from related parties at December 31 consisted of the following (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Due from joint ventures | $ 228 | $1,472 |
| Employees | 153 | 153 |
| Other | 8,189 | 6,051 |
| Related party receivables | $8,570 | $7,676 |

### Gramercy Capital Corp.

See Note 6. Investment in Unconsolidated Joint Ventures – Gramercy Capital Corp. for disclosure on related party transactions between Gramercy and us.

## NOTE 14 / STOCKHOLDERS' EQUITY

### Common Stock

Our authorized capital stock consists of 260,000,000 shares, $.01 par value, of which we have authorized the issuance of up to 160,000,000 shares of common stock, $.01 par value per share, 75,000,000 shares of excess stock, at $.01 par value per share, and 25,000,000 shares of preferred stock, par value $.01 per share. As of December 31, 2009, 77,514,292 shares of common stock and no shares of excess stock were issued and outstanding.

In May 2009, we sold 19,550,000 shares of our common stock at a gross price of $20.75 per share. The net proceeds from this offering (approximately $387.1 million) were primarily used to repurchase unsecured debt.

In March 2007, our board of directors approved a stock repurchase plan under which we could buy up to $300.0 million shares of our common stock. This plan expired on December 31, 2008. As of December 31, 2008, we purchased and settled approximately $300.0 million or 3.3 million shares of our common stock at an average price of $90.49 per share.

### Perpetual Preferred Stock

In December 2003, we sold 6,300,000 shares of 7.625% Series C cumulative redeemable preferred stock, or the Series C preferred stock, (including the underwriters' over-allotment option of 700,000 shares) with a mandatory liquidation preference of $25.00 per share. Net proceeds from this offering (approximately $152.0 million) were used principally to repay amounts outstanding under our secured and unsecured revolving credit facilities. The Series C preferred stock receive annual dividends of $1.90625 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. On or after December 12, 2008, we may redeem the Series C preferred stock at par for cash at our option. The Series C preferred stock was recorded net of underwriters discount and issuance costs. See Note 23.

In 2004, we issued 4,000,000 shares of our 7.875% Series D cumulative redeemable preferred stock, or the Series D preferred stock, with a mandatory liquidation preference of $25.00 per share. Net proceeds from these offerings (approximately $96.3 million) were used principally to repay amounts outstanding under our secured and unsecured revolving credit facilities. The Series D preferred stock receive annual dividends of $1.96875 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. On or after May 27, 2009, we may redeem the Series D preferred stock at par for cash at our option. The Series D preferred stock was recorded net of underwriters discount and issuance costs.

### Rights Plan

In February 2000, our board of directors authorized a distribution of one preferred share purchase right, or Right, for each outstanding share of common stock under a shareholder rights plan. This distribution was made to all holders of record of the common stock on March 31, 2000. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series B junior participating preferred stock, par value $0.01 per share, or Preferred Shares, at a price of $60.00 per one one-hundredth of a Preferred Share, or Purchase Price, subject to adjustment as provided in the rights agreement. The Rights expire on March 5, 2010, unless we extend the expiration date or the Right is redeemed or exchanged earlier. The Rights are attached to each share of common stock. The Rights are generally exercisable only if a person or group becomes the beneficial owner of 17% or more of the outstanding common stock or announces a tender offer for 17% or more of the outstanding common stock, or Acquiring Person. In the event that a person or group becomes an Acquiring Person, each holder of a Right, excluding the Acquiring Person, will have the right to receive, upon exercise, common stock having a market value equal to two times the Purchase Price of the Preferred Shares.

### Dividend Reinvestment and Stock Purchase Plan

We filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP, which was declared effective in March 2009. We registered 2,000,000 shares of our common stock under the DRIP. The DRIP commenced on September 24, 2001.

During the years ended December 31, 2009 and 2008, approximately 180 and 4,300 shares of our common stock were issued and approximately $5,000 and $0.3 million of proceeds were received, respectively, from dividend reinvestments and/or stock purchases under the DRIP. DRIP shares may be issued at a discount to the market price.

### 2003 Long-Term Outperformance Compensation Program

Our board of directors adopted a long-term, seven-year compensation program for certain members of senior management. The program, which measured our performance over a 48-month period (unless terminated earlier) commencing April 1, 2003, provided that holders of our common equity were to achieve a 40% total return during the measurement period over a base share price of $30.07 per share before any restricted stock awards were granted. Plan participants would receive an award of restricted stock in an amount between 8% and 10% of the excess total return over the baseline return. At the end of the four-year measurement period, 40% of the award will vest on the measurement date and 60% of the award will vest ratably over the subsequent three years based on continued employment. Any restricted stock to be issued under the program will be allocated from our 2005 Stock Option and Incentive Plan (as defined below), which was previously approved through a stockholder vote in May 2005. In April 2007, the Compensation Committee determined that under the terms of the 2003 Outperformance Plan, as of March 31, 2007, the performance hurdles had been met and the maximum performance pool of $22,825,000, taking into account forfeitures, was established. In connection with this event, approximately 166,312 shares of restricted stock (as adjusted for forfeitures) were allocated under the 2005 Stock Option and Incentive Plan. These awards are subject to vesting as noted above. The fair value of the award on the date of grant was determined to be $3.2 million. This fair value is expensed over the term of the restricted stock award. Forty percent of the value of the award will be amortized over four years and the balance will be amortized at 20% per year over five, six and seven years, respectively, such that 20% of year five, 16.67% of year six, and 14.29% of year seven will be recorded in year one. Compensation expense of $0.1 million, $0.2 million and $0.4 million related to this plan was recorded during the years ended December 31, 2009, 2008 and 2007, respectively.

### 2005 Long-Term Outperformance Compensation Program

In December 2005, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2005 Outperformance Plan. Participants in the 2005 Outperformance Plan would share in a "performance pool" if our total return to stockholders for the period from December 1, 2005 through November 30, 2008 exceeded a cumulative total return to stockholders of 30% during the measurement period over a base share price of $68.51 per share. The size of the pool was to be 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum dilution cap equal to the lesser of 3% of our outstanding shares and units of limited partnership interest as of December 1, 2005 or $50.0 million. In the event the potential performance pool reached this dilution cap before November 30, 2008 and remained at that level or higher for 30 consecutive days, the performance period was to end early and the pool would be formed on the last day of such 30-day period. Each participant's award under the 2005 Outperformance Plan would be designated as a specified percentage of the aggregate performance pool to be allocated to him or her assuming the 30% benchmark was achieved. Individual awards would be made in the form of partnership units, or LTIP Units, that may ultimately become exchangeable for shares of our common stock or cash, at our election. LTIP Units would be granted prior to the determination of the performance pool; however, they were only to vest upon satisfaction of performance and other thresholds, and were not entitled to distributions until after the performance pool was established. The 2005 Outperformance Plan provides that if the pool was established, each participant would also be entitled to the distributions that would have been paid on the number of LTIP Units earned, had they been issued at the beginning of the performance period. Those distributions were to be paid in the form of additional LTIP Units.

After the performance pool was established, the earned LTIP Units are to receive regular quarterly distributions on a per unit basis equal to the dividends per share paid on our common stock, whether or not they are vested. Any LTIP Units not earned upon the establishment of the performance pool were to be automatically forfeited, and the LTIP Units that are earned are subject to time-based vesting, with one-third of the LTIP Units earned vesting on November 30, 2008 and each of the first two anniversaries thereafter based on continued employment. On June 14, 2006, the Compensation Committee determined that under the terms of the 2005 Outperformance Plan, as of June 8, 2006, the performance period had accelerated and the maximum performance pool of $49,250,000, taking into account forfeitures, was established. Individual awards under the 2005 Outperformance Plan are in the form of partnership units, or LTIP Units, in our operating partnership that, subject to certain conditions, are convertible into shares of the Company's common stock or cash, at our election. The total number of LTIP Units earned by all participants as a result of the establishment of the performance pool was 490,475 and are subject to time-based vesting.

The cost of the 2005 Outperformance Plan (approximately $8.0 million, subject to adjustment for forfeitures) will continue to be amortized into earnings through the final vesting period. We recorded approximately $2.3 million, $3.9 million and $2.1 million of compensation expense during the years ended December 31, 2009, 2008 and 2007, respectively, in connection with the 2005 Outperformance Plan.

### 2006 Long-Term Outperformance Compensation Program

On August 14, 2006, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2006 Outperformance Plan. Participants in the 2006 Outperformance Plan will share in a "performance pool" if our total return to stockholders for the period from August 1, 2006 through July 31, 2009 exceeds a cumulative total return to stockholders of 30% during the measurement period over a base share price of $106.39 per share. The size of the pool will be 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum award of $60 million. The maximum award will be reduced by the amount of any unallocated or forfeited awards. In the event the potential performance pool reaches the maximum award before July 31, 2009 and remains at that level or higher for 30 consecutive days, the performance period will end early and the pool will be formed on the last day of such 30-day period. Each participant's award under the 2006 Outperformance Plan will be designated as a specified percentage of the aggregate performance pool. Assuming the 30% benchmark is achieved, the pool will be allocated among the participants in accordance with the percentage specified in each participant's participation agreement. Individual awards will be made in the form of partnership units, or LTIP Units, that, subject to vesting and the satisfaction of other conditions, are exchangeable for a per unit value equal to the then trading price of one share of our common stock. This value is payable in cash or, at our election, in shares of common stock. LTIP Units will be granted prior to the determination of the performance pool; however, they will only vest upon satisfaction of performance and time vesting thresholds under the 2006 Outperformance Plan, and will not be entitled to distributions until after the performance pool is established. Distributions on LTIP Units will equal the dividends paid on our common stock on a per unit basis. The 2006 Outperformance Plan provides that if the pool is established, each participant will also be entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period. Those distributions will be paid in the form of additional LTIP Units. Thereafter, distributions will be paid currently with respect to all earned LTIP Units that are a part of the performance pool, whether vested or unvested. Although the amount of earned awards under the 2006 Outperformance Plan (i.e., the number of LTIP Units earned) will be determined when the performance pool is established, not all of the awards will vest at that time. Instead, one-third of the awards will vest on July 31, 2009 and each of the first two anniversaries thereafter based on continued employment.

In the event of a change in control of our company on or after August 1, 2007 but before July 31, 2009, the performance pool will be calculated assuming the performance period ended on July 31, 2009 and the total return continued at the same annualized rate from the date of the change in control to July 31, 2009 as was achieved from August 1, 2006 to the date of the change in control; provided that the performance pool may not exceed 200% of what it would have been if it was calculated using the total return from August 1, 2006 to the date of the change in control and a pro rated benchmark. In either case, the performance pool will be formed as described above if the adjusted benchmark target is achieved and all earned awards will be fully vested upon the change in control. If a change in control occurs after the performance period has ended, all unvested awards issued under our 2006 Outperformance Plan will become fully vested upon the change in control.

The cost of the 2006 Outperformance Plan (approximately $16.4 million, subject to adjustment for forfeitures) will be amortized into earnings through the final vesting period. We recorded approximately $0.4 million, $12.2 million and $2.5 million of compensation expense during the years ended December 31, 2009, 2008 and 2007, respectively, in connection with the 2006 Outperformance Plan. During the fourth quarter of 2008, we and certain of our employees, including our executive officers, mutually agreed to cancel a portion of the 2006 Outperformance Plan. This resulted in a charge of approximately $9.2 million which is included in the 2008 compensation expense above. The performance criteria under the 2006 Outperformance Plan were not met. This plan expired with no value in 2009.

### SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Plan

In December 2009, the compensation committee of our board of directors approved the general terms of the SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Program, the 2010 Long-Term Compensation Plan. The 2010 Long-Term Compensation Plan is a long-term incentive compensation plan pursuant to which award recipients may earn, in the aggregate, from approximately $15 million up to approximately $75 million of LTIP Units in our operating partnership based on our stock price appreciation over three years beginning on December 1, 2009; provided that, if maximum performance has been achieved, approximately $25 million of awards may be earned at any time after the beginning of the second year and an additional approximately $25 million of awards may be earned at any time after the beginning of the third year. The amount of awards earned will range from approximately $15 million if our aggregate stock price appreciation during the performance period is 25% to the maximum amount of approximately $75 million if our aggregate stock price appreciation during the performance period is 50% or greater. No awards will be earned if our aggregate stock price appreciation is less than 25%. After the awards are earned, they will remain subject to vesting, with 50% of any LTIP Units earned vesting on January 1, 2013 and an additional 25% vesting on each of January 1, 2014 and 2015 based, in each case, on continued employment through the vesting date. We will not pay distributions on any LTIP Units until they are earned, at which time we will pay all distributions that would have been paid on the earned LTIP Units since the beginning of the performance period. The compensation committee and its advisors are in the process of finalizing the documentation of the 2010 Long-Term Compensation Plan. We recorded compensation expense of approximately $0.6 million in 2009 related to this plan.

### Deferred Stock Compensation Plan for Directors

Under our Independent Director's Deferral Program, which commenced July 2004, our non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees and meeting fees. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The phantom stock units are convertible into an equal number of shares of common stock upon such directors' termination of service from the board of directors or a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly using the closing price of our common stock on the applicable dividend record date for the respective quarter. Each participating non-employee director's account is also credited for an equivalent amount of phantom stock units based on the dividend rate for each quarter.

During the year ended December 31, 2009, approximately 26,000 phantom stock units were earned. As of December 31, 2009, there were approximately 48,410 phantom stock units outstanding.

### Employee Stock Purchase Plan

On September 18, 2007, our board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended, and has been adopted by the board to enable our eligible employees to purchase our shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. We filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock will be offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2009, approximately 36,313 shares of our common stock had been issued under the ESPP.

### Amended and Restated 2005 Stock Option and Incentive Plan

We have a stock option and incentive plan. The amended and restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by our board of directors in March 2007 and our stockholders in May 2007 at our annual meeting of stockholders. The 2005 Plan, as amended, authorizes (i) the grant of stock options that qualify as incentive stock options under Section 422 of the Code, or ISOs, (ii) the grant of stock options that do not qualify, or NQSOs, (iii) the grant of stock options in lieu of cash Directors' fees and (iv) grants of shares of restricted and unrestricted common stock. The exercise price of stock options are determined by our compensation committee, but may not be less than 100% of the fair market value of the shares of our common stock on the date of grant. Subject to adjustments upon certain corporate transactions or events, up to a maximum of 7,000,000 shares, or the Fungible Pool Limit, may be granted as Options, Restricted Stock, Phantom Shares, dividend equivalent rights and other equity based awards under the amended and restated 2005 stock option and incentive plan, or the 2005 Plan. As described below, the manner in which the Fungible Pool

Limit is finally determined can ultimately result in the issuance under the 2005 Plan of up to 6,000,000 shares (subject to adjustments upon certain corporate transactions or events). Each share issued or to be issued in connection with "Full-Value Awards" (as defined below) that vest or are granted based on the achievement of certain performance goals that are based on (A) FFO growth, (B) total return to stockholders (either in absolute terms or compared with a peer group of other companies) or (C) a combination of the foregoing (as set forth in the 2005 Plan), shall be counted against the Fungible Pool Limit as 2.0 units. "Full-Value Awards" are awards other than Options, Stock Appreciation Rights or other awards that do not deliver the full value at grant thereof of the underlying shares (e.g., Restricted Stock). Each share issued or to be issued in connection with any other Full-Value Awards shall be counted against the Fungible Pool Limit as 3.0 units. Options, Stock Appreciation Rights and other awards that do not deliver the value at grant thereof of the underlying shares and that expire 10 years from the date of grant shall be counted against the Fungible Pool Limit as one unit. Options, Stock Appreciation Rights and other awards that do not deliver the value at grant thereof of the underlying shares and that expire five years from the date of grant shall be counted against the Fungible Pool Limit as 0.7 of a unit, or five-year option. Thus, under the foregoing rules, depending on the type of grants made, as many as 6,000,000 shares could be the subject of grants under the 2005 Plan. At the end of the third calendar year following April 1, 2005, which is the effective date of the original 2005 Plan, as well as at the end of the third calendar year following April 1, 2007, which is the effective date of the 2005 Plan, (i) the three-year average of (A) the number of shares subject to awards granted in a single year, divided by (B) the number of shares of our outstanding common stock at the end of such year shall not exceed the (ii) greater of (A) 2%, with respect to the third calendar year following April 1, 2005, or 2.23%, with respect to the third calendar year following April 1, 2007, or (B) the mean of the applicable peer group. For purposes of calculating the number of shares granted in a year in connection with the limitation set forth in the foregoing sentence, shares underlying Full-Value Awards will be taken into account as (i) 1.5 shares if our annual common stock price volatility is 53% or higher, (ii) two shares if our annual common stock price volatility is between 25% and 52%, and (iii) four shares if our annual common stock price volatility is less than 25%. No award may be granted to any person who, assuming exercise of all options and payment of all awards held by such person would own or be deemed to own more than 9.8% of the outstanding shares of the Company's common stock. In addition, subject to adjustment upon certain corporate transactions or events, a participant may not receive awards (with shares subject to awards being counted, depending on the type of award, in the proportions ranging from 0.7 to 3.0, as described above) in any one year covering more than 700,000 shares; thus, under this provision, depending on the type of grant involved, as many as 1,000,000 shares can be the subject of option grants to any one person in any year, and as many as 350,000 shares may be granted as restricted stock (or be the subject of other Full-Value Grants) to any one person in any year. If an option or other award granted under the 2005 Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of our common stock distributed under the 2005 Plan may be treasury shares or authorized but unissued shares. Unless the 2005 Plan is previously terminated by the Board, no new Award may be granted under the 2005 Plan after the tenth anniversary of the date that the 2005 Plan was approved by the Board. At December 31, 2009, approximately 3.0 million shares of our common stock, calculated on a weighted basis, were available for issuance under the 2005 Plan, or 4.2 million if all shares available under the 2005 Plan were issued as five-year options.

Options are granted under the plan at the fair market value on the date of grant and, subject to termination of employment, generally expire ten years from the date of grant, are not transferable other than on death, and generally vest in one to five years commencing one year from the date of grant.

A summary of the status of our stock options as of December 31, 2009, 2008 and 2007 and changes during the years then ended are presented below:

| | 2009 | | 2008 | | 2007 | |
|---|---|---|---|---|---|---|
| | Options Outstanding | Weighted Average Exercise Price | Options Outstanding | Weighted Average Exercise Price | Options Outstanding | Weighted Average Exercise Price |
| Balance at beginning of year | 937,706 | $61.33 | 1,774,385 | $ 88.21 | 1,645,643 | $ 58.77 |
| Granted | 443,850 | $46.08 | 446,500 | $ 65.51 | 531,000 | $143.22 |
| Exercised | (22,000) | $28.17 | (195,680) | $ 36.08 | (348,458) | $ 36.95 |
| Lapsed or cancelled | (35,335) | $62.75 | (1,087,499) | $111.23 | (53,800) | $ 62.81 |
| Balance at end of year | 1,324,221 | $56.74 | 937,706 | $ 61.33 | 1,774,385 | $ 88.21 |
| Options exercisable at end of year | 595,851 | $62.17 | 474,592 | $ 52.55 | 780,171 | $ 54.00 |
| Weighted average fair value of options granted during the year | $8,276,500 | | $5,163,000 | | $16,619,000 | |

The weighted average fair value of restricted stock granted during the year was approximately $5.0 million.

## NOTE 14 / STOCKHOLDERS' EQUITY

All options were granted within a price range of $20.67 to $137.18. The remaining weighted average contractual life of the options outstanding and exercisable was 7.3 years and 4.8 years, respectively.

During the fourth quarter of 2008, we and certain of our employees agreed to cancel, without compensation, certain employee stock options. These cancellations resulted in a non-cash charge of approximately $8.8 million.

### Earnings Per Share

Earnings per share for the years ended December 31, is computed as follows (in thousands):

| Numerator (Income) | 2009 | 2008 | 2007 |
|---|---|---|---|
| Basic Earnings: | | | |
| Income attributable to SL Green common stockholders | $37,669 | $360,935 | $626,355 |
| Effect of Dilutive Securities: | | | |
| Redemption of units to common shares | 1,221 | 14,561 | 26,084 |
| Stock options | | – | – |
| Diluted Earnings: | | | |
| Income attributable to SL Green common stockholders | $38,890 | $375,496 | $652,439 |

| Denominator Weighted Average (Shares) | 2009 | 2008 | 2007 |
|---|---|---|---|
| Basic Shares: | | | |
| Shares available to common stockholders | 69,735 | 57,996 | 58,742 |
| Effect of Dilutive Securities: | | | |
| Redemption of units to common shares | 2,230 | 2,340 | 2,446 |
| 3.0% exchangeable senior debentures | – | – | – |
| 4.0% exchangeable senior debentures | – | – | – |
| Stock-based compensation plans | 79 | 262 | 697 |
| Diluted Shares | 72,044 | 60,598 | 61,885 |

## NOTE 15 / NONCONTROLLING INTEREST IN OPERATING PARTNERSHIP

The unit holders represent the noncontrolling interest ownership in our operating partnership. As of December 31, 2009 and 2008, the noncontrolling interest unit holders owned 2.1% (1,684,283 units) and 3.94% (2,339,853 units) of our operating partnership, respectively. At December 31, 2009, 1,684,283 shares of our common stock were reserved for the conversion of units of limited partnership interest in our operating partnership.

## NOTE 16 / BENEFIT PLANS

The building employees are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. Contributions to these plans amounted to approximately $10.7 million, $10.1 million and $9.2 million during the years ended December 31, 2009, 2008 and 2007, respectively. Separate actuarial information regarding such plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit.

### Executive Stock Compensation

Effective January 1, 1999, we implemented a deferred compensation plan, or the Deferred Plan, covering certain of our employees, including our executives. The shares issued under the Deferred Plan were granted to certain employees, including our executives and vesting will occur annually upon the completion of a service period or our meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached. A summary of our restricted stock as of December 31, 2009, 2008 and 2007 and charges during the years then ended are presented below:

| | 2009 | 2008 | 2007 |
|---|---|---|---|
| Balance at beginning of year | 1,824,190 | 1,698,401 | 1,274,619 |
| Granted | 506,342 | 128,956 | 435,583 |
| Cancelled | – | (3,167) | (11,801) |
| Balance at end of year | 2,330,532 | 1,824,190 | 1,698,401 |
| Vested during the year | 420,050 | 291,818 | 271,720 |
| Compensation expense recorded | $23,301,744 | $25,611,848 | $20,051,845 |

### 401(K) Plan

In August 1997, we implemented a 401(K) Savings/Retirement Plan, or the 401(K) Plan, to cover eligible employees of ours, and any designated affiliate. The 401(K) Plan permits eligible employees to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(K) Plan. During 2000, we amended our 401(K) Plan to include a matching contribution, subject to ERISA limitations, equal to 50% of the first 4% of annual compensation deferred by an employee. During 2003, we amended our 401(K) Plan to provide for discretionary matching contributions only. For 2009, 2008 and 2007, a matching contribution equal to 50% of the first 6%

of annual compensation was made. For the years ended December 31, 2009, 2008 and, 2007, we made matching contributions of approximately $450,000, $503,000 and $457,000, respectively.

## NOTE 17 / COMMITMENTS AND CONTINGENCIES

We and our operating partnership are not presently involved in any material litigation nor, to our knowledge, is any material litigation threatened against us or our properties, other than routine litigation arising in the ordinary course of business. Management believes the costs, if any, incurred by us and our operating partnership related to this litigation will not materially affect our financial position, operating results or liquidity.

We have entered into employment agreements with certain executives, which expire between June 2010 and January 2013. The minimum cash-based compensation, including base salary and guaranteed bonus payments, associated with these employment agreements totals approximately $7.8 million for 2010.

In March 1998, we acquired an operating sub-leasehold position at 420 Lexington Avenue. The operating sub-leasehold position required annual ground lease payments totaling $6.0 million and sub-leasehold position payments totaling $1.1 million (excluding an operating sub-lease position purchased January 1999). In June 2007, we renewed and extended the maturity date of the ground lease at 420 Lexington Avenue through December 31, 2029, with an option for further extension through 2080. Ground lease rent payments through 2029 will total approximately $10.9 million per year. Thereafter, the ground lease will be subject to a revaluation by the parties thereto.

In June 2009, we acquired an operating sub-leasehold position at 420 Lexington Avenue for approximately $7.7 million. These sub-leasehold positions were scheduled to mature in December 2029. In October 2009, we acquired the remaining sub-leasehold position for $7.6 million.

The property located at 711 Third Avenue operates under an operating sub-lease, which expires in 2083. Under the sub-lease, we are responsible for ground rent payments of $1.55 million annually through July 2011 on the 50% portion of the fee we do not own. The ground rent is reset after July 2011 based on the estimated fair market value of the property. We have an option to buy out the sub-lease at a fixed future date.

The property located at 461 Fifth Avenue operates under a ground lease (approximately $2.1 million annually) with a term expiration date of 2027 and with two options to renew for an additional 21 years each, followed by a third option for 15 years. We also have an option to purchase the ground lease for a fixed price on a specific date.

The property located at 625 Madison Avenue operates under a ground lease (approximately $4.6 million annually) with a term expiration date of 2022 and with two options to renew for an additional 23 years.

The property located at 1185 Avenue of the Americas operates under a ground lease (approximately $8.5 million in 2010 and $6.9 million annually thereafter) with a term expiration of 2020 and with an option to renew for an additional 23 years.

In April 1988, the SL Green predecessor entered into a lease agreement for the property at 673 First Avenue, which has been capitalized for financial statement purposes. Land was estimated to be approximately 70% of the fair market value of the property. The portion of the lease attributed to land is classified as an operating lease and the remainder as a capital lease. The initial lease term is 49 years with an option for an additional 26 years. Beginning in lease years 11 and 25, the lessor is entitled to additional rent as defined by the lease agreement.

We continue to lease the 673 First Avenue property, which has been classified as a capital lease with a cost basis of $12.2 million and cumulative amortization of $5.5 million and $5.2 million at December 31, 2009 and 2008, respectively.

The following is a schedule of future minimum lease payments under capital leases and noncancellable operating leases with initial terms in excess of one year as of December 31, 2009 (in thousands):

| December 31, | Capital lease | Non-cancellable operating leases |
|---|---|---|
| 2010 | $ 1,451 | $ 31,347 |
| 2011 | 1,555 | 28,929 |
| 2012 | 1,555 | 28,179 |
| 2013 | 1,555 | 28,179 |
| 2014 | 1,555 | 28,179 |
| Thereafter | 45,649 | 580,600 |
| Total minimum lease payments | 53,320 | $725,413 |
| Less amount representing interest | (36,437) | |
| Present value of net minimum lease payments | $ 16,883 | |

## NOTE 18 / FINANCIAL INSTRUMENTS: DERIVATIVES AND HEDGING

We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. Reported net income and stockholders' equity may increase or decrease prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

The following table summarizes the notional and fair value of our derivative financial instruments at December 31, 2009 based on Level 2 information pursuant to ASC 820-10. The notional value is an indication of the extent of our involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks (in thousands).

| | Notional Value | Strike Rate | Effective Date | Expiration Date | Fair Value |
|---|---|---|---|---|---|
| Interest Rate Swap | $ 60,000 | 4.364% | 1/2007 | 5/2010 | $ (844) |
| Interest Rate Swap | $105,000 | 4.910% | 12/2009 | 12/2019 | $(8,271) |
| Interest Rate Swap | $100,000 | 4.705% | 12/2009 | 12/2019 | $(6,186) |
| Interest Rate Cap | $128,000 | 6.000% | 2/2009 | 2/2010 | $ – |
| Interest Rate Cap | $128,000 | 6.000% | 2/2010 | 2/2011 | $ 5 |

On December 31, 2009, the derivative instruments were reported as an obligation at their fair value of approximately $15.3 million and is included in Other Liabilities on the consolidated balance sheet at December 31, 2009. Offsetting adjustments are represented as deferred gains or losses in Accumulated Other Comprehensive Loss which had a balance of $33.5 million, including the remaining balance on net gains of approximately $5.0 million from the settlement of hedges, which are being amortized over the remaining term of the related mortgage obligation and our share of joint venture accumulated other comprehensive loss of approximately $23.4 million. Currently, all of our derivative instruments are designated as effective hedging instruments.

Over time, the realized and unrealized gains and losses held in Accumulated Other Comprehensive Loss will be reclassified into earnings as a reduction to interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that approximately $8.3 million of the current balance held in Accumulated Other Comprehensive Income will be reclassified into earnings within the next 12 months.

We are hedging exposure to variability in future cash flows for forecasted transactions in addition to anticipated future interest payments on existing debt.

## NOTE 19 / ENVIRONMENTAL MATTERS

Our management believes that the properties are in compliance in all material respects with applicable Federal, state and local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that it believes would have a materially adverse impact on our financial position, results of operations or cash flows. Management is unaware of any instances in which it would incur significant environmental cost if any of the properties were sold.

## NOTE 20 / SEGMENT INFORMATION

We are a REIT engaged in owning, managing, leasing, acquiring and repositioning commercial office and retail properties in the New York Metro area and have two reportable segments, real estate and structured finance investments. Our investment in Gramercy and its related earnings are included in the structured finance segment. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

Our real estate portfolio is primarily located in the geographical markets of New York Metro area. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). See Note 5 for additional details on our structured finance investments.

Selected results of operations for the years ended December 31, 2009, 2008 and 2007, and selected asset information as of December 31, 2009 and 2008, regarding our operating segments are as follows (in thousands):

| | Real Estate Segment | Structured Finance Segment | Total Company |
|---|---|---|---|
| Total revenues | | | |
| Year ended: | | | |
| December 31, 2009 | $ 945,050 | $ 65,609 | $ 1,010,659 |
| December 31, 2008 | 968,503 | 110,919 | 1,079,422 |
| December 31, 2007 | 892,138 | 82,692 | 974,830 |
| Income from continuing operations: | | | |
| Year ended: | | | |
| December 31, 2009 | $ 169,095 | $ (89,659) | $ 79,436 |
| December 31, 2008 | 77,912 | (26,503) | 51,409 |
| December 31, 2007 | 113,725 | 37,904 | 151,629 |
| Total assets | | | |
| As of: | | | |
| December 31, 2009 | $ 9,698,430 | $789,147 | $10,487,577 |
| December 31, 2008 | 10,227,656 | 756,697 | 10,984,353 |

Income from continuing operations represents total revenues less total expenses for the real estate segment and total revenues less allocated interest expense and loan loss reserves for the structured finance segment. Interest costs for the structured finance segment are imputed assuming 100% leverage at our unsecured revolving credit facility borrowing cost. We do not allocate marketing, general and administrative expenses (approximately $74.0 million, $104.6 million and $93.0 million for the years ended December 31, 2009, 2008 and 2007, respectively) to the structured finance segment, since we base performance on the individual segments prior to allocating marketing, general and administrative expenses. All other expenses, except interest, relate entirely to the real estate assets.

There were no transactions between the above two segments.

The table below reconciles income from continuing operations before noncontrolling interest to net income available to common stockholders for the years ended December 31, 2009, 2008 and 2007 (in thousands):

| | Years ended December 31, | | |
|---|---|---|---|
| | 2009 | 2008 | 2007 |
| Income (loss) from continuing operations before noncontrolling interest | $(12,865) | $ 18,377 | $120,120 |
| Equity in net gain on sale of unconsolidated joint venture/partial interest | 6,691 | 103,056 | 31,509 |
| Gain on early extinguishment of debt | 86,006 | 77,465 | – |
| Loss on marketable securities | (396) | (147,489) | – |
| Net income from continuing operations | 79,436 | 51,409 | 151,629 |
| Net income (loss) from discontinued operations | (930) | 4,066 | 29,256 |
| Gain (loss) on sale of discontinued operations | (6,841) | 348,573 | 501,812 |
| Net income | 71,665 | 404,048 | 682,697 |
| Net income attributable to noncontrolling interests in operating partnership | (1,221) | (14,561) | (26,084) |
| Net income attributable to noncontrolling interests in other partnerships | (12,900) | (8,677) | (10,383) |
| Net income attributable to SL Green | 57,544 | 380,810 | 646,230 |
| Preferred stock dividends | (19,875) | (19,875) | (19,875) |
| Net income attributable to SL Green common stockholders | $ 37,669 | $ 360,935 | $626,355 |

## NOTE 21 / SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

The following table provides information on non-cash investing and financing activities (in thousands):

| | Years ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Issuance of common stock as deferred compensation | $ 583 | $ 583 |
| Redemption of units and deferred compensation plan | 29,150 | 233 |
| Derivative instruments at fair value | 21,991 | 34,949 |
| Tenant improvements and capital expenditures payable | 1,146 | 1,311 |
| Real estate investments consolidated under FIN 46R | – | 14,760 |
| Real estate investments deconsolidated under FIN 46R | – | (414,995) |
| Assignment of mortgage to joint venture | – | 293,631 |
| Structured finance and other investments acquired | 13,831 | – |
| Other non-cash adjustments financing | – | (90,606) |
| Mortgage assigned upon asset sale | 113,517 | – |

## NOTE 22 / QUARTERLY FINANCIAL DATA (UNAUDITED)

We are providing updated summary selected quarterly financial information, which is included below reflecting the prior period reclassification as discontinued operations of the properties sold during 2009.

Quarterly data for the last two years is presented in the tables below (in thousands).

| 2009 Quarter Ended | December 31 | September 30 | June 30 | March 31 |
|---|---|---|---|---|
| Total revenues | $ 246,612 | $249,603 | $252,005 | $262,437 |
| Income (loss) net of noncontrolling interest and before gain on sale | 1,213 | 5,902 | (8,537) | (24,995) |
| Equity in net gain on sale of joint venture property | – | (157) | (2,693) | 9,541 |
| Gain on early extinguishment of debt | 606 | 8,368 | 29,321 | 47,712 |
| Loss on equity investment in marketable securities | (232) | (52) | 126 | (807) |
| Discontinued operations | – | 60 | (705) | (286) |
| Gain (loss) on sale of discontinued operations | (1,741) | (11,672) | – | 6,572 |
| Net income (loss) before preferred dividends | (154) | 2,449 | 17,512 | 37,737 |
| Preferred stock dividends | (4,969) | (4,969) | (4,969) | (4,969) |
| Income (loss) attributable to SL Green common stockholders | $ (5,123) | $ (2,520) | $ 12,543 | $ 32,768 |
| Net income per common share – basic | $ (0.07) | $ (0.03) | $ 0.19 | $ 0.57 |
| Net income per common share – diluted | $ (0.07) | $ (0.03) | $ 0.18 | $ 0.57 |

| 2008 Quarter Ended | December 31 | September 30 | June 30 | March 31 |
|---|---|---|---|---|
| Total revenues | $ 269,025 | $268,313 | $289,737 | $253,597 |
| Income (loss) net of noncontrolling interest and before gain on sale(1) | (88,213) | 24,200 | 44,335 | 12,992 |
| Equity in net gain on sale of joint venture property | – | 9,533 | 93,481 | – |
| Gain on early extinguishment of debt | 77,465 | – | – | – |
| Loss on equity investment in marketable securities | (147,489) | – | – | – |
| Discontinued operations | 954 | 63 | 1,344 | 2,839 |
| Gain on sale of discontinued operations | 238,892 | – | – | 110,232 |
| Net income before preferred dividends | 81,609 | 33,796 | 139,160 | 126,063 |
| Preferred stock dividends | (4,969) | (4,969) | (4,969) | (4,969) |
| Income attributable to SL Green common stockholders | $ 76,640 | $ 28,827 | $134,191 | $121,094 |
| Net income per common share – Basic | $ 1.35 | $ 0.50 | $ 2.30 | $ 1.99 |
| Net income per common share – Diluted | $ 1.34 | $ 0.49 | $ 2.29 | $ 1.98 |

(1) Included in the fourth quarter of 2008, is approximately $101.7 million of loan loss and other investment reserves.

## NOTE 23 / SUBSEQUENT EVENTS

We have evaluated subsequent events through the time of filing these consolidated financial statements with the SEC on our Annual Report on Form 10-K on February 16, 2010.

In January 2010, we became the sole owner of 100 Church Street, NY, NY, a 1.05 million-square-foot office tower located in downtown Manhattan, following the successful foreclosure of the senior mezzanine loan at the property in January 2010. Our initial investment totaled $40.9 million which was comprised of a 50% interest in the senior mezzanine loan and two other mezzanine loans at 100 Church Street, which we acquired from Gramercy in the summer of 2007. As part of a consensual arrangement reached with the then-current owners in August 2009, SL Green, on behalf of the mezzanine lender, obtained management and leasing control of the property. At closing of the foreclosure, we funded additional capital into the project as part of our agreement with Wachovia Bank, N.A. to extend and restructure the existing financing. Gramercy declined to fund its share of this capital and instead entered into a transaction whereby it transferred its interests in the investment to us at closing, subject to certain future contingent payments.

In January 2010, we priced an underwritten public offering of 5,400,000 shares of our Series C preferred stock. Upon completion of this offering, we have 11,700,000 shares of the Series C preferred stock outstanding. The shares of Series C preferred stock have a liquidation preference of $25.00 per share and are redeemable at par, plus accrued and unpaid dividends, at any time at our option. The shares were priced at $23.53 per share including accrued dividends equating to a yield of 8.101%. We intend to use the estimated net offering proceeds of approximately $122.6 million for general corporate and/or working capital purposes, which may include investment opportunities, purchases of the indebtedness of our subsidiaries in the open market from time to time and the repayment of indebtedness at the applicable maturity or put date.

In January 2010, our previously announced transaction to sell a 49.5% interest in Green 485 JV LLC, the owner of 485 Lexington Avenue, was terminated because certain of the conditions precedent contemplated in the sale-purchase agreement were not fulfilled.

In February 2010, our joint venture extended the maturity date of the 16 Court Street loan to October 2013 and has a one-year extension option. The floating rate loan will carry an interest rate of 250 basis points over the 30-day LIBOR.

In February 2010, we purchased the senior mezzanine loan on 510 Madison Avenue for $14.0 million.

In February 2010, we repurchased approximately $21.4 million of our 4% exchangeable bonds.

To the Board of Directors and Shareholders of SL Green Realty Corp.:

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company retrospectively changed its method of accounting for its convertible debt instruments with the adoption of the guidance originally issued in FSP APB 14-1 "Accounting for Convertible Debt Instruments that maybe settled in cash upon conversion (including Partial Cash Settlement)" (codified primarily in FASB ASC Topic 470-20, "Debt with Conversion and Other Options") effective January 1, 2009. The Company retrospectively changed its presentation of noncontrolling interests with the adoption of the guidance originally issued in SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (codified in FASB ASC Topic 810-10, "Consolidation") effective January 1, 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 16, 2010, expressed an unqualified opinion thereon.

Ernst & Young LLP

New York, New York
February 16, 2010

To the Board of Directors and Shareholders of SL Green Realty Corp.:

We have audited SL Green Realty Corp.'s (the "Company") internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2009 of the Company and our report dated February 16, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

New York, New York
February 16, 2010

## EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports. Also, we have investments in certain unconsolidated entities. As we do not control these entities, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

Subsequent to the issuance of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, we determined that our consolidated statement of cash flows for the period ended March 31, 2009 included in our Quarterly Report on Form 10-Q for the period ended March 31, 2009 should be restated. The restatement, which was made in the Quarterly Report on Form 10-Q/A, filed on May 11, 2009, was a result of a material weakness in internal control over financial reporting as the control over the proper classification of the gain on early extinguishment of debt as to whether it was an operating or financing activity did not operate effectively. As of December 31, 2009 we have remediated this weakness through additional review procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2009 based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, we concluded that our internal control over financial reporting was effective as of December 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

## CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no significant changes in our internal control over financial reporting during the year ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reports.

Marc Holliday
Chief Executive Officer

Gregory F. Hughes
Chief Financial Officer and
Chief Operating Officer

## OUTSIDE DIRECTORS

John H. Alschuler, Jr.
Lead Independent Director;
Executive Committee;
Audit Committee;
Compensation Committee, Chairman;
Nominating and Corporate Governance Committee;
President, HRA Advisors Inc.

Edwin Thomas Burton, III
Audit Committee, Chairman;
Compensation Committee;
Nominating and Corporate Governance Committee;
Professor of Economics, University of Virginia

John S. Levy
Audit Committee;
Compensation Committee;
Nominating and Corporate Governance Committee, Chairman; Private Investor

## EMPLOYEE DIRECTORS

Stephen L. Green
Chairman of the Board;
Chairman Executive Committee
Executive Officer

Marc Holliday
Chief Executive Officer;
Executive Committee

## OTHER EXECUTIVE OFFICERS

Andrew W. Mathias
President &
Chief Investment Officer

Gregory F. Hughes
Chief Financial Officer &
Chief Operating Officer

Andrew S. Levine
Chief Legal Officer,
General Counsel

## COUNSEL

Skadden, Arps, Slate, Meagher & Flom LLP
New York, NY

## AUDITORS

Ernst & Young LLP
New York, NY

## REGISTRAR & TRANSFER AGENT

BNY Mellon Shareowner Services
Address Shareholder Inquiries to:
BNY Mellon,
Shareholder Relations Department
P.O. Box 358015
Pittsburgh, PA 15252-8015
or
480 Washington Boulevard,
Jersey City, NJ 07310-1900
866-230-9138
TDD for Hearing Impaired:
800-231-5469

Foreign Shareowners:
201-680-6578

TDD Foreign Shareowners:
201-680-6610

Web Site address:
www.bnymellon.com/shareowner/isd

## STOCK LISTING

NYSE Symbol:
SLG, SLG PrC, SLG PrD

## INVESTOR RELATIONS

420 Lexington Avenue
New York, NY 10170
Tel: 212-216-1654
E-mail: heidi.gillette@slgreen.com

## ANNUAL REPORT, FORM 10-K

To request a copy of the annual report on Form 10-K, free of charge, from the Company, contact Investor Relations.

## ANNUAL MEETING

Tuesday, June 15, 2010,
11:00 a.m., at
The Roosevelt Hotel
45 East 45th Street
at Madison Avenue,
New York, NY

## SHAREHOLDERS

On April 5, 2010, the Company had approximately 25,725 beneficial shareholders.

## EXECUTIVE OFFICES

420 Lexington Avenue
New York, NY 10170
Tel: 212-594-2700
Fax: 212-216-1785
www.slgreen.com

## STOCK MARKET INFORMATION

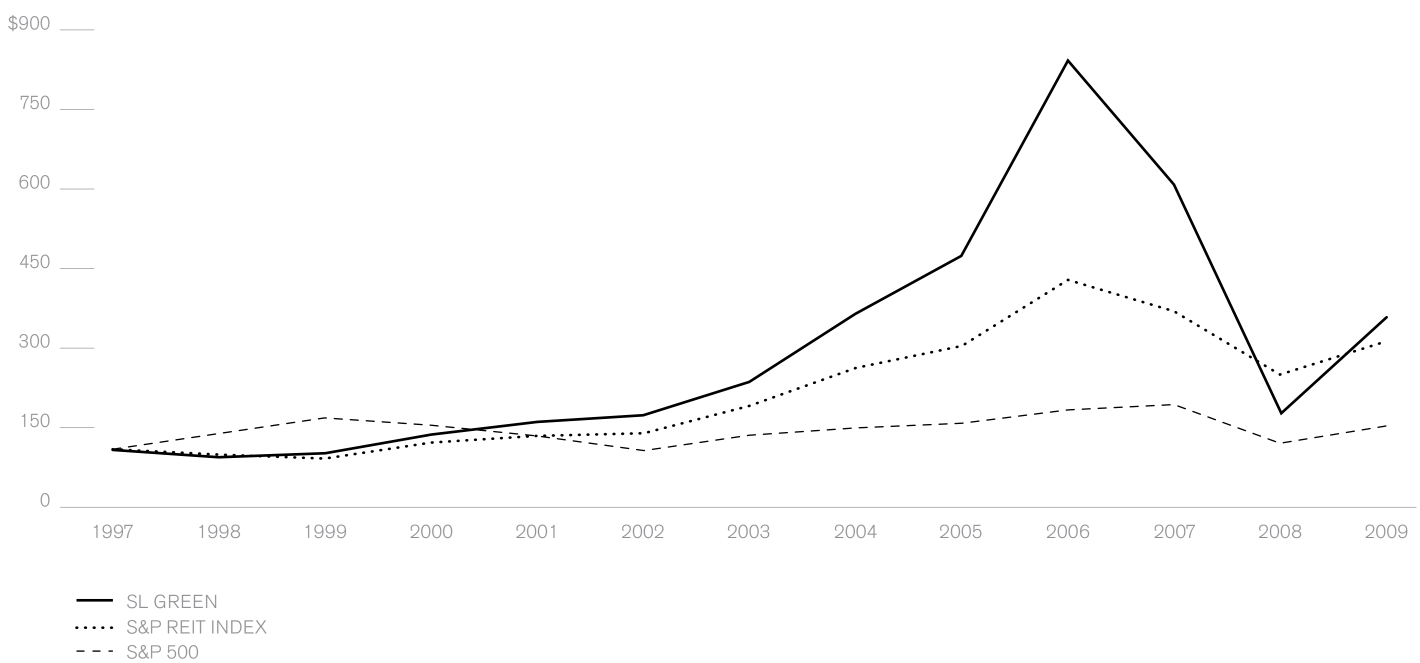
Our common stock began trading on the New York Stock Exchange, or the NYSE, on August 15, 1997 under the symbol "SLG." On April 5, 2010, the reported closing sale price per share of common stock on the NYSE was $60.39 and there were approximately 448 holders of record of our common stock. The table below sets forth the quarterly high and low closing sales prices of the common stock on the NYSE and the dividends paid by us with respect to the periods indicated.

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| Quarter Ended | High | Low | Dividends | High | Low | Dividends |
| March 31 | $25.83 | $ 8.69 | $0.375 | $ 98.77 | $76.78 | $0.7875 |
| June 30 | $26.70 | $10.68 | $0.100 | $100.74 | $82.55 | $0.7875 |
| September 30 | $46.81 | $18.66 | $0.100 | $ 92.23 | $63.65 | $0.7875 |
| December 31 | $52.74 | $37.72 | $0.100 | $ 62.74 | $11.36 | $0.3750 |

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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Dividends" for additional information regarding our dividends.

## TOTAL RETURN TO SHAREHOLDERS

Based on $100 investment made 8/15/97 (IPO), diluted, in dollars.




## NYSE DISCLOSURE REQUIREMENTS

Our Chief Executive Officer has submitted the NYSE Section 303A annual certification for 2008, and our Chief Executive Officer and Chief Financial Officer have filed with the SEC their Sarbanes-Oxley Section 302 certifications as exhibits to our Annual Report on Form 10-K for 2009.

SL Green Realty Corp. 420 Lexington Avenue, New York, NY 10170 212 594 2700 www.slgreen.com

# SL GREEN REALTY CORP.

# ANNUAL REPORT 2008

# 2008 KEY FINANCIALS

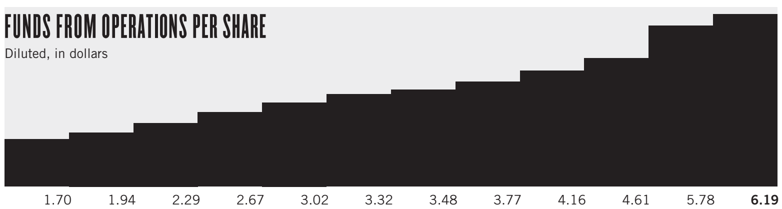
| Year ended December 31, (In thousands of dollars, except per share and rentable square feet data) | 2008 | 2007 | % Change |
|---|---|---|---|
| Total Revenue | **$ 1,116,861** | 1,017,149 | 9.8 |
| Net Income Available for Common Shareholders | **389,884** | 640,535 | –39.1 |
| Net Income Per Share (diluted) | **6.69** | 10.78 | –37.9 |
| Funds from Operations [1] | **374,974** | 357,957 | 4.8 |
| Funds from Operations Per Share (diluted) | **6.19** | 5.78 | 7.1 |
| Total Market Capitalization | **9,440,552** | 13,284,141 | –28.9 |
| Net Rentable Square Feet in Manhattan (including joint ventures) | **23,211,200** | 24,728,200 | –6.1 |
| Annual Dividend Per Common Share | **2.74** | 2.89 | –5.2 |

SL Green Realty Corp. is a self-administered and self-managed real estate investment trust, or REIT, that predominantly acquires, owns, repositions and manages Manhattan office properties. The Company is the only publicly held REIT that specializes in this niche. As of December 31, 2008, the Company owned 29 New York City office properties totaling approximately 23,211,200 square feet, making it New York's largest office landlord. In addition, at December 31, 2008, SL Green held investment interests in, among other things, eight retail properties encompassing approximately 400,212 square feet, two development properties encompassing approximately 363,000 square feet and two land interests, along with ownership interests in 34 suburban assets totaling 7,656,500 square feet in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey.

1997 — 2008

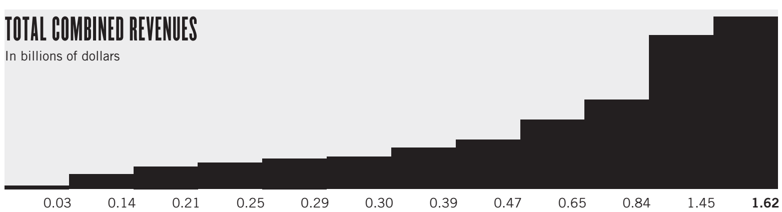
## FUNDS FROM OPERATIONS PER SHARE

Diluted, in dollars



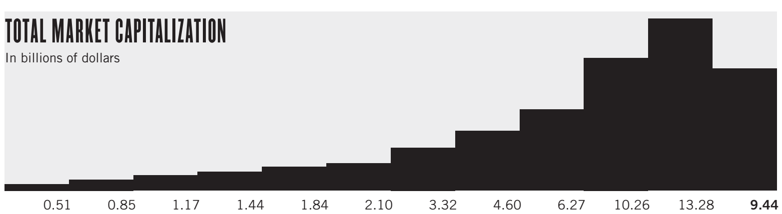

## TOTAL COMBINED REVENUES

In billions of dollars




## TOTAL MARKET CAPITALIZATION

In billions of dollars




## SQUARE FEET OWNED

In millions of square feet, Manhattan only


## DIVIDENDS PAID PER COMMON SHARE

In dollars

# TO OUR FELLOW SHAREHOLDERS

**2008 was a year full of bad news – bad news about our nation's economy overall, about the credit markets and about the commercial real estate industry. And with few exceptions, nowhere was there more bad economic news than here in New York City, with the virtual meltdown of several major financial institutions and the severe impact it had on the city's other businesses and its people.**

SL Green shareholders were especially hard hit. Already softening in late 2007, the Company's share price fell sharply during 2008, as sentiments about New York office market conditions turned negative and doubts intensified about the future financial performance of our portfolio during a recessionary period. Our investment in Gramercy Capital Corp. (NYSE: GKK) just made things worse as Gramercy, like its industry peers, struggled to cope with the dislocated credit markets and the rapid decline in property values.

It's ironic that many of the very attributes that made us the best-regarded and best-performing office REIT for many years – our New York City focus, our direct and indirect structured finance investment activity, our strategic use of financial leverage – were the very same attributes that turned the stock market against SL Green last year, and which continue to dampen short-term investor enthusiasm.

To say that this has been frustrating is an incredible understatement, especially since we had a very, very strong year in most other respects in 2008. Overall, we enjoyed another year of record earnings, with annual FFO (Funds from Operations) growth of 7.1%, to $6.19 per share, as we continued to update our portfolio and strengthen our balance sheet.

## LEASING AND OPERATIONS

The most obvious measure of our operational excellence is the continued high occupancy of our real estate portfolio. At a time when landlords throughout the nation and throughout New York City were scrambling to find ways to retain tenants and find new ones, we succeeded in maintaining the high occupancy of our portfolio of well-positioned and well-managed office properties. We began the year with 96.6% of the office space in our New York City properties leased, and at the end of the year we stood at 96.7%. In our suburban portfolio, our occupancy went from 92.0% to 90.8%. In both cases – in our city and suburban portfolios – we are outperforming the market.

Office leasing activity for the year totaled 164 transactions for a record-shattering 2.8 million square feet, as we not only took care of more immediate space expirations, but as we also successfully locked in renewals and signed new leases commencing further out. The most important leasing transaction was the renewal of **Viacom** at 1515 Broadway, which will keep the media giant's headquarters in the heart of Times Square at least through the middle of 2015. At 1.3 million square feet, this lease transaction is recognized as the third-largest ever in Midtown Manhattan.

There were many other tenants signing major new or renewal leases in 2008 including: **News America Incorporated** – 138,294 square feet at 1185 Avenue of the Americas; **The Segal Company (Eastern States), Inc.** – 161,810 square feet at 333 West 34th Street; **BDO Seidman LLP** – 121,858 square feet at 100 Park Avenue; **Crain Communications, Inc.** – 98,618 square feet at 711 Third Avenue; **Parade Publications, Inc.** – 89,413 at 711 Third Avenue; and **Omnicom Group, Inc.** – 55,078 square feet at 220 East 42nd Street.

While we did find that we had to compete and negotiate aggressively in a softening leasing market, we were able to continue increasing rents in our Manhattan portfolio as older, lower-rate leases burned off. New and renewal office leases signed in 2008 averaged $65.98 per square foot not including Viacom ($60.25 per square foot including Viacom), up 53% over the expiring leases not including Viacom (31% over the expiring leases including Viacom) and up 45% over leases signed in 2007. Increases in our suburban portfolio were less dramatic, albeit positive, reflecting the nature of the suburban markets, along with the limited time that we have owned them and have had the chance to manage them for growth.

We continued in 2008 to make strategic capital improvements in certain properties where such investments were called for. These included: **100 Park Avenue** – Completion of the $70 million BOMA award winning repositioning of the property; **1515 Broadway** – Commencement of lobby renovations and other modernizations reflecting the ongoing presence of Viacom's world headquarters; **711 Third Avenue** – Renovations that included a lobby modernization and the preservation of an historic Hans Hoffman mosaic mural; **810 Seventh Avenue** – Restoration of the building's façade, plus lobby renovation and various other upgrades; and **16 Court Street** – Renovation of the lobby and other common areas, façade restoration, window replacements and other improvements.

Our property management teams did their part again in 2008, by building on SL Green's reputation for excellence as an operator. Our goal is *not* to fill our buildings just by offering the lowest rents. While a competitive rent can be an important factor, most tenants look at the entire value proposition offered. They want to operate in a certain building because it's the best place for them to do business. They want to enjoy excellent space in excellent locations – centrally located near key transit locations – and they also want to feel satisfied with each interaction they have with the people that provide the space and services that go with it. The fact is, superior service is an SL Green hallmark, as reflected in the annual survey we have conducted by a third party which helps us to keep track of tenant satisfaction and expectations with all tenants in the Manhattan portfolio. This year's results in the categories of overall satisfaction, renewal intentions, and service delivery surpassed the comparable New York City benchmarks by significant margins and even surpassed our own prior year's performance.

## PORTFOLIO TRANSACTIONS AND FINANCING ACTIVITY

2008 was a year in which the commercial real estate credit markets went into a deep freeze. The flow of debt capital, which had fueled the financial successes of many developers and investors for the past decade or more, stopped short as borrowers suddenly had no way to finance new investments and refinance maturing debt. This complete absence of market liquidity suddenly prevented owners from actively managing their portfolios and battered investor confidence in the underlying value of properties, thereby dragging down returns and severely depressing the share prices of those companies that were publicly held.

These market dynamics certainly affected SL Green's ability to continue harvesting gains from our portfolio at the same rate as we had in years past. Fortunately, however, we were prepared and had already put ourselves in position to weather the storm. In 2007, before opportunities began to disappear, sales of non-core SL Green properties and property interests totaled $2 billion – double the $1 billion objective that had been originally set. This activity produced large gains, while also building our cash reserves. It also put us in the enviable position in 2008 of being extremely selective regarding which of our properties we might be willing to sell and at what price. Last year, we sold 1250 Broadway for $310 million, more than triple its original acquisition cost in 1999. Likewise, the sale of 440 Ninth Avenue generated a gain of over $100 million. In addition, we closed on the sale of our remaining interest in 1372 Broadway and realized a substantial portion of the $239 million gain that our investment in the property had produced.

We also benefited from lender confidence in us by executing property financings at a time when few owners were able to do so. The best examples were the refinancings of 717 Fifth Avenue and 28 West 44th Street, both completed in September following successful leasing efforts. Total combined proceeds were $410 million, with net proceeds to SL Green of $160 million.

## LOOKING AHEAD…2009 AND BEYOND

If there's one thing that we've observed in recent months, it's that even the most predictable property investment sector – Midtown Manhattan commercial real estate – isn't quite as predictable as everyone thought. While we've maintained a defensive posture throughout most of 2007 and all of 2008, neither we nor anyone else would have foreseen the severity with which the world economic picture so rapidly deteriorated. Likewise, forecasting that so many of the world's financial giants either would collapse or would need to be saved from ruin by massive government intervention was far from one's expectations. The fallout from such events will continue to impact the demand for office space in New York City in the near future, while influencing the mid-to-longer term outlook for market recovery as well as the outlook for landlords like SL Green.

While we are not sure when the New York office market will fully recover, we are confident that it will. We base this strong belief not only on the historic performance of commercial real estate investment and the historic resilience of New York City, but also on the determination being shown by the City's population, our fellow business leaders, our local and state elected officials, and our national leaders. All have promised and demonstrated that they will work together to restore and preserve New York's unique strength as America's greatest city.

We are positioning ourselves to concentrate our resources on our proven core assets by addressing Gramercy and the structured finance portfolio. We wrote down our Gramercy investment stake and have taken steps to remove ourselves from management entirely. We have conservatively taken reserves against our structured finance investments and otherwise reduced our exposure.

On your behalf we have positioned the Company to weather the rough times and then emerge even stronger in the marketplace. We have assembled and are operating the best-located portfolio of property assets. We have a strong tenant base and high occupancy with very manageable lease roll. Our balance sheet is strong and we have an enviable cash position. Additionally, we have assembled over the past decade the very best team of professionals to lease and operate our assets and manage this Company.

We can't guarantee that there won't be short-term challenges, however we can promise that we will continue striving to outperform. We not only manage this Company, but we also stand beside you as fellow shareholders. As such, we look forward to market conditions that will allow us to again produce superior total returns on your investment. In the meantime, we thank you for your confidence in us.

Marc Holliday
Chief Executive Officer;
Executive Committee

# SL GREEN LEADERSHIP

Amidst the vast landscape of Midtown Manhattan commercial office real estate, the SL Green Executive team is solely focused on delivering solid performance and maximum value despite an uncertain economic climate. Under their stewardship, SL Green's portfolio of premier fortress properties was assembled.

No company has more expertise and no company has a larger or better-positioned portfolio here in the great city of New York. As the market continues to evolve and then recover, no one will be better positioned to take full advantage of emerging opportunities.

**Andrew W. Mathias**
President &
Chief Investment Officer

**Marc Holliday**
Chief Executive Officer;
Executive Committee

**Andrew S. Levine**
Chief Legal Officer,
General Counsel

**Gregory F. Hughes**
Chief Financial &
Chief Operating Officer

# LEASING

RENEWED VIACOM FOR OVER 1 MILLION SQUARE FEET

LEASED OVER 3.5 MILLION SQUARE FEET
THROUGHOUT ENTIRE PORTFOLIO

ACHIEVED AVERAGE MARK-TO-MARKET ON NEW LEASES
SIGNED OF MORE THAN 30% (NYC ONLY)

REDUCED 2009–2010 LEASE ROLLOVER BY
1.6 MILLION SQUARE FEET (NYC ONLY)

# REAL ESTATE INVESTMENT

HARVESTED 4 ASSETS FOR $792* GROSS SALES PROCEEDS
GENERATING $442 MILLION OF GAINS

SOLD $110 MILLION OF STRUCTURED FINANCE INVESTMENTS

REALIZED PROMOTES IN EXCESS OF $25 MILLION

LIMITED NEW INVESTMENT ACTIVITY BY DESIGN

*SALES PRICE REPRESENTS COMBINED OWNERSHIP INTERESTS

# OPERATIONS

COMPLETED $70 MILLION REDEVELOPMENT OF
100 PARK AVE. AND COMMENCED $40 MILLION
REFURBISHMENT OF 1515 BROADWAY

RECEIVED BOMA PINNACLE AWARDS FOR NEW YORK CITY'S
RENOVATED BUILDING OF THE YEAR
FOR 485 LEXINGTON AVE. AND OPERATING OFFICE BUILDING
OF THE YEAR FOR 120 WEST 45TH ST.

AWARDED BOMA MIDDLE ATLANTIC REGIONAL
BUILDING OF THE YEAR IN THE RENOVATED BUILDING
CATEGORY FOR 100 PARK AVE.

# FINANCE

ACHIEVED RECORD HIGH FFO OF $6.19 PER SHARE (DILUTED)

EXTINGUISHED $262 MILLION OF DEBT
VIA NEW BOND REPURCHASE PROGRAM RECOGNIZING GAINS
IN EXCESS OF $88 MILLION

YIELDED NET PROCEEDS OF $160 MILLION THROUGH
STRATEGIC ASSET FINANCING

FINISHED OFF YEAR WITH $726 MILLION CASH ON HAND

# THE SL GREEN P
# STRONG FOUN
# WELL POSITION
# THE CHALLENGES

LATFORM HAS A
DATION AND IS
ED TO WEATHER
OF THIS MARKET

# A FUNDAMENTAL STRENGTH:

## IN THIS UNCERTAIN BUSINESS CLIMATE, ONE'S RESOLVE IS CONTINUOUSLY TESTED. EVERY DAY, THE WINDS SHIFT, DEMANDING RAPID RESPONSES TO STAY ON COURSE AND MEET LONGER-TERM GOALS AND OBJECTIVES. TO NAVIGATE SUCCESSFULLY, ONE MUST REACT QUICKLY AND INTELLIGENTLY APPLY THE SKILLS AND MARKET KNOWLEDGE THAT HAVE BEEN ACQUIRED.

**SL Green has built its reputation as a commercial real estate owner and operator on a solid platform of core real estate fundamentals:**

- **>> Actively building a portfolio of fortress properties by selectively acquiring and/or divesting at the right time,**
- **>> Prudently and aggressively leasing the portfolio to maintain market leading occupancy levels,**
- **>> Maximizing each asset's potential with hands-on operating philosophies, cost-effective capital improvements and strategic use of leverage, and**
- **>> Exercising prudent balance sheet oversight to promote maximum financial flexibility.**

**Built to perform in all market cycles, this platform has made SL Green the dominant force that it is today and it is the platform with which SL Green will be able to endure the challenges of this once-in-a-generation economic recession. Once through this cycle, SL Green will emerge even stronger than before as New York City's leading commercial office landlord.**

### REAL ESTATE INVESTMENT

Since its IPO in 1997, the Company has shed more than $4.5 billion of real estate and reinvested the majority of those sales proceeds into top tier assets – completely transforming the portfolio from side-street, Class B buildings, into the premier, high-quality portfolio of avenue assets which it owns today.

The Company's keen ability to actively trade up is best demonstrated by its investment actions immediately following this century's first recession. Beginning in 2004, New York City experienced never-before-seen commercial office sales volumes – nearly $15 billion worth of Manhattan real estate traded hands that year. New records were repeatedly set for the subsequent three years, topping out in 2007 with nearly $50 billion of commercial real estate being exchanged.

SL Green was an active participant during this time – divesting nearly $3 billion of office properties from 2004 to 2007 – several of which were the last remaining assets from its pre-IPO portfolio – and investing in Midtown office gems, the likes of 625 Madison Avenue, 485 Lexington Avenue and 461 Fifth Avenue. A substantial portion of its sales were tax-deferred 1031 exchanges – a strategy that demonstrably maximizes value by sheltering gain on sales and allowing the proceeds to be deployed in a tax free manner – a sales practice that SL Green has used quite effectively throughout its strategic portfolio transformation.

In 2007, SL Green acquired interests in $7 billion worth of best-in-class real estate – including the Class A Reckson portfolio. The upgraded portfolio not only featured desirable addresses including 1185 Avenue of the Americas, 1350 Avenue of the Americas and 919 Third Avenue, but also credit tenancy, long term leases and most importantly greater profit potential – discernibly resilient commercial office attributes.

This past year, despite overall Manhattan sales activity grinding to a halt as the lending markets essentially ceased to function, SL Green continued to demonstrate its ability to selectively harvest and efficiently redeploy gains into higher tiered assets. The Company's sales of 440 Ninth Avenue and 1250 Broadway in the first half of the year once again demonstrated SL Green's artful use of the 1031 exchange: the proceeds from these sales were reversely deployed into the acquisitions of 333 West 34th Street and 388–390 Greenwich Street – ultimately allowing the Company to retain $241 million.

As the year continued, the deteriorating economic outlook seized Manhattan commercial trading markets. Except for a handful of distressed transactions, sales activity in the market slowed to a trickle. Exercising its strict discipline, SL Green chose to step away from the commercial markets and focused its efforts where known value existed – in well located, fully occupied, income producing properties: it began buying back its common stock which had been under severe pressure – valuing its portfolio at a markedly lower rate. While SL Green common stock currently trades at levels below where the Company bought it back, it did acquire the stock at levels well below the common stock issuances of the prior year.

## LEASING

It was in mid-2007 when SL Green began employing the extremely defensive measures on the leasing front that the Company has maintained through 2008 and into 2009. It began reducing rents, securing new and renewal tenants, and locking in occupancy in advance of scheduled lease expirations.

This strategy was employed for several reasons –

The first is directly attributed to SL Green's size. As Manhattan's largest commercial office landlord, SL Green is able to closely monitor the pulse of the market. The Company's relations with the New York brokerage community and with its 1000+ tenants allow it to be instantly aware of developing trends in the leasing and tenant communities. Knowing that the more highly-leveraged landlords in Manhattan would be forced to try to hold out for the last dollar on their rents, SL Green lowered its asking rents – something it could readily do because of the Company's relatively low cost basis in its Midtown portfolio. This helped to attract 121 new tenants to the SL Green portfolio as well as maintain 81 renewal tenants. In total SL Green inked more than 200 leases totaling in excess of 3 million square feet in 2008. This included what is recognized to be the fourth largest lease in New York City's recorded history and the third largest lease ever in Midtown: the proactive early renewal of the 1.3-million-square-foot lease with Viacom Inc. at 1515 Broadway which was signed in December 2008.

By the end of 2008, SL Green had readied itself for the next few years to come – years which are certain to be some of the most trying economic times ever for New York City – with a portfolio that is more than 96% occupied. In 2008, the Company successfully filled, pre-leased, and/or renewed substantially all its available inventory for 2008. Not only that, it signed renewals for 44% of leases that would otherwise expire in 2009 and 2010. In all, 1.6 million square feet of future leasing was put to bed, leaving a very manageable 1.1 million square feet and 1.3 million square feet of expirations in 2009 and 2010, respectively.

Beyond mitigating its overall exposure, SL Green ensured it would be at a competitive advantage by not being exposed to the big blocks (commonly defined as over 200,000 square feet of contiguous space). These are the types of spaces that pummeled the markets in the last recession, driving overall New York City vacancy down to as low as 12% with asking rents in the mid $40's per square foot. As we stand now, there are more than 27 blocks of this size or greater in the market, representing more than 12 million rentable square feet. Many are on the sublease market at asking rents below $60 per square foot. Entering 2009, SL Green had no big blocks of vacant space in its portfolio.

By using its expert leasing strategies to maintain market leading occupancy levels, SL Green is positioned to enter its next phase with a strong tenant roster – more than 50% of the Company's tenants boast an investment grade rating. Additionally, with average lease terms of just over eight years, the portfolio generates consistent and reliable rental income.

## OPERATIONS

While the asset class of SL Green's portfolio has changed dramatically since the Company's inception, simply trading up into better quality real estate does not maximize portfolio value. To unlock the full value of its real estate, SL Green utilizes its cornerstone management philosophies in both good times and bad: strategic repositioning coupled with efficient operations. The results of these efforts directly correlate to SL Green's track record of consistently high, market leading occupancy levels of 94% or higher. Additionally, by discerningly deploying capital to improve asset efficiencies and overall aesthetics in advance of lease roll, the Company renews and/or attracts new tenants – continually driving NOI growth as the leases signed have featured rents in excess of previously embedded rents.

In 2008 alone, SL Green invested or committed nearly $90 million of capital for 14 projects throughout the portfolio, including the reconstruction of the lobby of 711 Third Avenue, the repositioning of the lobby and corridors at both 1350 Avenue of the Americas and 810 Seventh Avenue, the final phases of the $70 million redevelopment of 100 Park Avenue, and most notably the multi-million dollar interior project at 1515 Broadway that will magnificently upgrade the infrastructure of the Times Square office tower. While these capital outlays are substantial, especially in this cash constrained environment, the results have been exceptional. At each of the properties where capital projects are being or recently have been executed, the construction efforts directly contributed to either (i) increased tenant retention or (ii) successful re-tenanting at increased rents.

At 711 Third Avenue, SL Green renewed nearly 220,000 square feet at a 51% mark-to-market. Seven new companies were added to the tenant roster and three companies renewed leases at 1350 Avenue of the Americas at a blended mark-to-market of 81%. Similarly three new leases and one renewal lease were inked at 810 Seventh Avenue, boasting a 67% blended increase over previously embedded rents.

At 100 Park Avenue, which now graces the well regarded thoroughfare with a stunning glass exterior and atrium style lobby, more than 300,000 square feet of new and renewal leases have been signed since the property's comprehensive redevelopment began – with select rents reaching $100 per square foot, well in excess of pre-construction rents which peaked at $52 per square foot.

Entering 2008, the aggregate capital commitment for the redevelopment and re-tenanting of 1515 Broadway, Viacom's headquarters, exceeded $200 million. The crowned tower was scheduled for a new curtain wall in addition to substantial infrastructure upgrades including a new lobby and renovated elevators and corridors. As the economic tides shifted mid-year, SL Green and Viacom came together to determine the building's direction: the media conglomerate would remain – as would the exterior of 1515 Broadway – thereby allowing SL Green to scale back its capital improvements program to a $40 million interior redevelopment. This produced superior financial results for both tenant and landlord.

## FINANCE

Financial flexibility – liquidity – is critical to efficiency and success in ongoing operations, both in the short- and long-term. Its importance becomes extremely clear in a difficult cash constrained climate. Without careful balance sheet oversight to ensure sufficient cash liquidity, the ability to effectively lease space, efficiently manage and operate buildings and make timely acquisitions falter.

Long before the government began injecting capital into banks and other corporate balance sheets, SL Green saw the need to enhance its own balance sheet liquidity and moved forward to begin infusing it with capital. In December 2006, the Company raised $523 million through the issuance of common stock priced at $133 per share. Then, $1.3 billion was issued at an effective pricing of $145 per share to consummate the Reckson Associates acquisition which closed in January 2007. Three months later, an additional $750 million of capital was generated with the issuance of 3% convertible notes – convertible at $173 per share.

In addition, the Company tripled the size of its credit facility to $1.5 billion in June 2007 and renegotiated the covenants to allow for much greater flexibility and durability. More than $3 billion worth of mature office properties throughout the portfolio have been sold since 2006 generating gains of $1.3 billion, which – as previously discussed – were redeployed into top tier assets. Most recently, a strategy to monetize the unlevered structured finance portfolio has commenced, with several sales completed and more to be pursued in 2009.

Directly in the face of a "frozen" credit market, SL Green demonstrated its ability to access capital for well managed, well positioned, income producing properties in New York City. In the fall of 2008, SL Green generated $160 million of incremental capital when it financed 28 West 44th Street, a previously unencumbered property, and when it refinanced the mortgage on the retail gem 717 Fifth Avenue – the new Manhattan home of the luxury brand, Armani.

SL Green began taking significant steps in 2008 to de-lever its balance sheet as asset values dropped nationally. In the third quarter, the Company began buying back some of its unsecured, recourse indebtedness at substantial discounts to par, an activity it has continued in 2009. To further enhance its future cash position, through effective tax planning SL Green trimmed its taxable income and distribution requirements thereby enabling the Company to reduce its quarterly common stock dividend by more than 50% to $0.375 per share – resulting in an additional $95 million of annual free cash flow for the Company.

Looking forward, SL Green also has a firm grip on its near-term secured debt maturities. Two significant maturities on the immediate horizon include the financing on 420 Lexington Avenue, a property which currently has a 25% debt yield (debt yield is defined as operating revenue less operating expenses, or cash NOI, divided by the mortgage balance) and 1221 Avenue of the Americas, the trophy asset on Sixth Avenue that we own in a joint venture, carrying a debt yield of over 50%. While SL Green cannot foresee how the credit markets will behave in the coming months – the Company should be able to obtain attractive financing for these two properties and likely bolster its cash position with the proceeds of either of these financings.

# THE SL GREEN MANHATTAN PORTFOLIO

SL Green's core portfolio is a collection of trophy quality properties positioned along many of Manhattan's famed thoroughfares – Avenue of the Americas, Madison Avenue, Park Avenue, Broadway and Lexington Avenue among them. Hundreds of business organizations – large and small, public and private – reside in SL Green buildings. Within these assets and along the streets where they are located, the pulse of New York City's economy continues to beat strong. Manhattan is the word's capital of commerce and SL Green is Manhattan's office landlord.

**ONE**
Madison Avenue

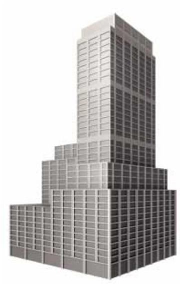
**919**
Third Avenue

**750**
Third Avenue

**1745**
Broadway

**120**
West 45th Street

**625**
Madison Avenue



**100**
Park Avenue

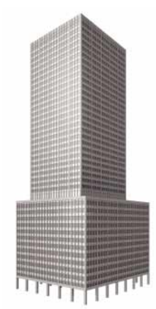
**388-390**
Greenwich Street

**333**
West 34th Street

**420**
Lexington Avenue

**521**
Fifth Avenue

**461**
Fifth Avenue



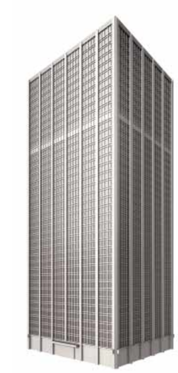
**800**
Third
Avenue

**220**
East 42nd
Street

**1350**
Avenue of the
Americas

**1515**
Broadway

**609**
Fifth
Avenue



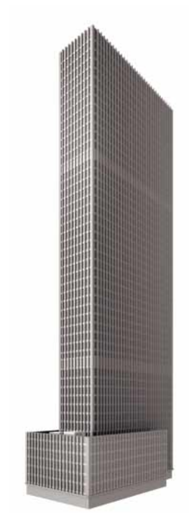
**1185**
Avenue of the
Americas

**711**
Third
Avenue

**810**
Seventh
Avenue

**555**
West 57th
Street

**485**
Lexington
Avenue



**1221**
Avenue of the
Americas

**317**
Madison
Avenue

CENTRAL PARK
57th Street
MIDTOWN
TIMES SQ.
Grand Central Terminal
42nd Street
34th Street
Penn Station
Broadway
Tenth Avenue
Ninth Avenue
Eighth Avenue
Seventh Avenue
Sixth Avenue
Fifth Avenue
Madison Avenue
Park Avenue
Lexington Avenue
Third Avenue
Second Avenue
First Avenue
14th Street
QUEENS
MANHATTAN
TRIBECA
BROOKLYN

# SL GREEN REALTY CORP. NEW YORK CITY PORTFOLIO

## SELECTED PROPERTY DATA – MANHATTAN PROPERTIES

| Key | Properties | SubMarket | Ownership | Usable Sq. Feet | Percent of Total Sq. Feet | Occupancy Percent 12/31/08 |
|---|---|---|---|---|---|---|
| **CONSOLIDATED PROPERTIES** | | | | | | |
| **"Same Store"** | | | | | | |
| 1 | 19 West 44th Street | Midtown | Fee Interest | 292,000 | 1 | 97.9 |
| 2 | 120 West 45th Street | Midtown | Fee Interest | 440,000 | 1 | 99.0 |
| 3 | 220 East 42nd Street | Grand Central | Fee Interest | 1,135,000 | 4 | 99.7 |
| 4 | 28 West 44th Street | Midtown | Fee Interest | 359,000 | 1 | 99.6 |
| 5 | 317 Madison Avenue | Grand Central | Fee Interest | 450,000 | 1 | 92.0 |
| 6 | 420 Lexington Ave (Graybar) | Grand Central North | Operating Sublease | 1,188,000 | 4 | 96.8 |
| 7 | 461 Fifth Avenue(3) | Midtown | Leasehold Interest | 200,000 | 1 | 95.4 |
| 8 | 485 Lexington Avenue | Grand Central North | Fee Interest | 921,000 | 3 | 98.5 |
| 9 | 555 West 57th Street | Midtown West | Fee Interest | 941,000 | 3 | 99.1 |
| 10 | 609 Fifth Avenue | Rockefeller Center | Fee Interest | 160,000 | 1 | 100.0 |
| 11 | 625 Madison Avenue | Plaza District | Leasehold Interest | 563,000 | 2 | 97.6 |
| 12 | 673 First Avenue | Grand Central South | Leasehold Interest | 422,000 | 1 | 99.7 |
| 13 | 711 Third Avenue(1) | Grand Central North | Operating Sublease | 524,000 | 2 | 93.3 |
| 14 | 750 Third Avenue | Grand Central North | Fee Interest | 780,000 | 3 | 97.2 |
| 15 | 810 Seventh Avenue | Times Square | Fee Interest | 692,000 | 2 | 84.3 |
| 16 | 919 Third Avenue(2) | Grand Central North | Fee Interest | 1,454,000 | 5 | 99.9 |
| 17 | 1185 Avenue of the Americas | Rockefeller Center | Leasehold Interest | 1,062,000 | 3 | 98.9 |
| 18 | 1350 Avenue of the Americas | Rockefeller Center | Fee Interest | 562,000 | 2 | 96.0 |
| **Subtotal/Weighted Average** | | | | **12,145,000** | **39** | **97.2** |
| **Adjustments** | | | | | | |
| 19 | 1 Madison Avenue | Park Avenue South | Fee Interest | 1,176,900 | 4 | 99.8 |
| 20 | 331 Madison Avenue | Grand Central | Fee Interest | 114,900 | 0 | 100.0 |
| 21 | 333 West 34th Street | Penn Station | Fee Interest | 345,400 | 1 | 100.0 |
| **Subtotal/Weighted Average** | | | | **1,637,200** | **5** | **99.8** |
| **Total/Weighted Average Manhattan Consolidated Properties** | | | | **13,782,200** | **45** | **97.5** |
| **UNCONSOLIDATED PROPERTIES** | | | | | | |
| **"Same Store"** | | | | | | |
| 22 | 100 Park Avenue – 50% | Grand Central South | Fee Interest | 834,000 | 3 | 81.1 |
| 23 | 521 Fifth Avenue – 50.1%(3) | Grand Central | Leasehold Interest | 460,000 | 1 | 94.4 |
| 24 | 800 Third Avenue – 42.95% | Grand Central North | Fee Interest | 526,000 | 2 | 98.7 |
| 25 | 1221 Avenue of the Americas – 45% | Rockefeller Center | Fee Interest | 2,550,000 | 8 | 93.5 |
| 26 | 1515 Broadway – 55% | Times Square | Fee Interest | 1,750,000 | 6 | 95.4 |
| **Subtotal/Weighted Average** | | | | **6,120,000** | **20** | **92.8** |
| **Adjustments** | | | | | | |
| 27 | 388 & 390 Greenwich Street – 50.6% | Downtown | Fee Interest | 2,635,000 | 9 | 100.0 |
| 28 | 1745 Broadway – 32.3% | Midtown | Fee Interest | 674,000 | 2 | 100.0 |
| **Subtotal/Weighted Average** | | | | **3,309,000** | **11** | **100.0** |
| **Total/Weighted Average Unconsolidated Properties** | | | | **9,429,000** | **31** | **95.4** |
| **Manhattan Grand Total/Weighted Average** | | | | **23,211,200** | **75** | **96.7** |
| **Manhattan Grand Total – SLG Share of Annualized Rent** | | | | | | |
| **Manhattan Same Store Occupancy % – Combined** | | | | **18,265,000** | **79** | **95.8** |

(1) Including Ownership of 50% in Building Fee.
(2) SL Green holds a 51% interest in this consolidated joint venture asset.
(3) SL Green holds an option to acquire the fee interest on this building.

# SL GREEN REALTY CORP. SUBURBAN & RETAIL PORTFOLIO

## SELECTED PROPERTY DATA – SUBURBAN PROPERTIES

| Properties | SubMarket | Ownership | Number of Buildings | Usable Sq. Feet | Percent of Total Sq. Feet | Occupancy Percent 12/31/08 |
|---|---|---|---|---|---|---|
| **CONSOLIDATED PROPERTIES** | | | | | | |
| **"Same Store" Westchester, NY** | | | | | | |
| 1100 King Street | Rye Brook, Westchester | Fee Interest | 6 | 540,000 | 8 | 89.3 |
| 520 White Plains Road | Tarrytown, Westchester | Fee Interest | 1 | 180,000 | 2 | 92.4 |
| 115–117 Stevens Avenue | Valhalla, Westchester | Fee Interest | 1 | 178,000 | 2 | 67.5 |
| 100 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 1 | 250,000 | 3 | 78.4 |
| 200 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 1 | 245,000 | 3 | 95.7 |
| 500 Summit Lake Drive | Valhalla, Westchester | Fee Interest | 1 | 228,000 | 3 | 81.0 |
| 140 Grand Street | White Plains, Westchester | Fee Interest | 1 | 130,100 | 2 | 91.0 |
| 360 Hamilton Avenue | White Plains, Westchester | Fee Interest | 1 | 384,000 | 5 | 100.0 |
| **"Same Store" Westchester, NY Subtotal/Weighted Average** | | | **13** | **2,135,100** | **29** | **88.4** |
| **Adjustments – Westchester, NY** | | | | | | |
| 399 Knollwood Road | White Plains, Westchester | Fee Interest | 1 | 145,000 | 2 | 97.3 |
| **Westchester, NY Subtotal/Weighted Average** | | | **14** | **2,280,100** | **30** | **88.9** |
| **"Same Store" Connecticut** | | | | | | |
| Landmark Square | Stamford, Connecticut | Fee Interest | 6 | 826,000 | 11 | 84.4 |
| 680 Washington Boulevard(1) | Stamford, Connecticut | Fee Interest | 1 | 133,000 | 2 | 100.0 |
| 750 Washington Boulevard(1) | Stamford, Connecticut | Fee Interest | 1 | 192,000 | 3 | 98.5 |
| 1055 Washington Boulevard | Stamford, Connecticut | Leasehold Interest | 1 | 182,000 | 3 | 84.9 |
| **"Same Store" Connecticut Subtotal/Weighted Average** | | | **9** | **1,333,000** | **17** | **88.0** |
| **Adjustments – Connecticut** | | | | | | |
| 7 Landmark Square | Stamford, Connecticut | Fee Interest | 1 | 36,800 | 0 | 10.8 |
| 300 Main Street | Stamford, Connecticut | Fee Interest | 1 | 130,000 | 2 | 94.6 |
| 1010 Washington Boulevard | Stamford, Connecticut | Fee Interest | 1 | 143,400 | 2 | 67.3 |
| 500 West Putnam Avenue | Greenwich, Connecticut | Fee Interest | 1 | 121,500 | 2 | 83.2 |
| **Adjustments – Connecticut Subtotal/Weighted Average** | | | **4** | **431,700** | **6** | **75.2** |
| **Connecticut Subtotal/Weighted Average** | | | **13** | **1,764,700** | **23** | **84.9** |
| 55 Corporate Drive, NJ(2) | Bridgewater, New Jersey | Fee Interest | 1 | 670,000 | 9 | 100.0 |
| **Total/Weighted Average Consolidated Properties** | | | **28** | **4,714,800** | **62** | **89.0** |
| **UNCONSOLIDATED PROPERTIES** | | | | | | |
| **"Same Store"** | | | | | | |
| One Court Square – 30% | Long Island City, New York | Fee Interest | 1 | 1,402,000 | 18 | 100.0 |
| **Subtotal/Weighted Average** | | | **1** | **1,402,000** | **18** | **100.0** |
| **Adjustments** | | | | | | |
| The Meadows – 25% | Rutherford, New Jersey | Fee Interest | 2 | 582,100 | 8 | 83.3 |
| 16 Court Street – 35% | Brooklyn, New York | Fee Interest | 1 | 317,600 | 4 | 77.8 |
| Jericho Plaza – 20.26% | Jericho, New York | Fee Interest | 2 | 640,000 | 8 | 97.6 |
| **Subtotal/Weighted Average** | | | **5** | **1,539,700** | **20** | **88.1** |
| **Total/Weighted Average Unconsolidated Properties** | | | **6** | **2,941,700** | **38** | **93.8** |
| **Suburban Grand Total/Weighted Average** | | | **34** | **7,656,500** | **25** | **90.8** |
| **Suburban Grand Total – SLG share of Annualized Rent** | | | | | | |
| **Suburban Same Store Occupancy % – Combined** | | | | **4,870,100** | **64** | **91.6** |

(1) SL Green holds a 51% interest in this consolidated joint venture asset.
(2) SL Green holds a 50% interest through a tenancy in common ownership.
(3) SL Green holds an option to acquire the fee interest on this property.

## RETAIL, DEVELOPMENT & LAND

| | | | | | | |
|---|---|---|---|---|---|---|
| 125 Chubb Way | Lyndhurst, NJ | Fee Interest | 1 | 278,000 | 36 | – |
| 150 Grand Street | White Plains, NY | Fee Interest | 1 | 85,000 | 11 | 17.5 |
| 141 Fifth Avenue – 50% | Flat Iron | Fee Interest | 1 | 21,500 | 3 | 100.0 |
| 1551–1555 Broadway – 10% | Times Square | Fee Interest | 1 | 25,600 | 3 | 100.0 |
| 1604 Broadway – 63% | Times Square | Leasehold Interest | 1 | 29,876 | 4 | 100.0 |
| 180–182 Broadway – 50% | Cast Iron/Soho | Fee Interest | 2 | 70,580 | 9 | 66.8 |
| 21–25 West 34th Street – 50% | Herald Square/Penn Station | Fee Interest | 1 | 30,100 | 4 | 100.0 |
| 27–29 West 34th Street – 50% | Herald Square/Penn Station | Fee Interest | 1 | 41,000 | 5 | 100.0 |
| 379 West Broadway – 45%(3) | Cast Iron/Soho | Leasehold Interest | 1 | 62,006 | 8 | 100.0 |
| 717 Fifth Avenue – 32.75% | Midtown/Plaza District | Fee Interest | 1 | 119,550 | 16 | 79.1 |
| 2 Herald Square – 55% | Herald Square/Penn Station | Fee Interest | N/A | N/A | N/A | N/A |
| 885 Third Avenue – 55% | Midtown/Plaza District | Fee Interest | N/A | N/A | N/A | N/A |
| **Total/Weighted Average Retail/Development Properties** | | | **11** | **763,212** | **100** | **N/A** |



Design: **Addison** www.addison.com; Photography: Jason Schmidt; Property Illustrations: Bryan Christie

# INSERT

# TAB

*Clairvest*

# INSERT

# TAB

*Clairvest*

**CLAIRVEST GROUP**

**LIQUIDITY ADDENDUM**

In addition to the liquidity shown on the attached financial statements, the Clairvest Group portion of the investment will be funded in part through private equity limited partnerships controlled by Clairvest, whose limited partners include banks, insurance companies and significant pension funds. These limited partnerships have already raised in excess of $245 million of additional capital not reflected in the attached financial statements.

## MANAGEMENT'S REPORT

The consolidated financial statements of Clairvest Group Inc. were prepared by management, which is responsible for the integrity and fairness of the financial information presented. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized and that financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. Management believes that existing internal controls are appropriate to meet these objectives.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee. The Audit Committee, comprised of four non-management Directors, meets periodically with management and with external auditors to discuss the scope and results with respect to financial reporting of the Company. The Audit Committee has reviewed the consolidated financial statements with management and with the independent auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ernst & Young LLP, appointed external auditors by the shareholders, have audited the consolidated financial statements and their report is included herewith.

B. Jeffrey Parr
Co-Chief Executive Officer and Managing Director

Daniel Cheng
Chief Financial Officer

## AUDITORS' REPORT

**To the Shareholders of Clairvest Group Inc.**

We have audited the consolidated balance sheets of Clairvest Group Inc. as at March 31, 2010 and 2009 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
May 28, 2010

## CONSOLIDATED BALANCE SHEETS

As at March 31

| $000's | 2010 | 2009 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents (notes 11 and 14) | **$ 43,684** | $ 112,272 |
| Temporary investments (notes 3 and 14) | **108,544** | 72,140 |
| Accounts receivable and other assets (note 4(i)) | **20,146** | 8,463 |
| Income taxes recoverable | **7,399** | 189 |
| Loans receivable (notes 4(j) and 4(k)) | **698** | 8,549 |
| Future tax asset (note 9) | **108** | 3,526 |
| Derivative instruments (note 12(b)) | **5,900** | — |
| Corporate investments (notes 6 and 14) | **118,881** | 102,865 |
| | **$ 305,360** | $ 308,004 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (note 10) | **$ 7,417** | $ 7,932 |
| Income taxes payable | **—** | 2,025 |
| Derivative instruments (note 12(b)) | **—** | 5,523 |
| Future tax liability (note 9) | **1,455** | 4,049 |
| Stock-based compensation (note 10) | **4,203** | 3,092 |
| | **$ 13,075** | $ 22,621 |
| Contingencies, commitments and guarantees (notes 4, 6, 12 and 13) | | |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (note 9) | **$ 82,823** | $ 82,823 |
| Retained earnings | **209,462** | 202,560 |
| | **292,285** | 285,383 |
| | **$ 305,360** | $ 308,004 |

See accompanying notes

On behalf of the Board:

PHILIP S. ORSINO
Director

JOSEPH J. HEFFERNAN
Director

## CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31

| $000's (except per share information) | 2010 | 2009 |
|---|---|---|
| **NET INVESTMENT GAINS (LOSSES)** | | |
| Net realized gains (losses) on corporate investments (note 5) | **$ 153** | $ (70,876) |
| Net unrealized gains (losses) on corporate investments (note 6) | **7,880** | (2,518) |
| | **8,033** | (73,394) |
| **OTHER INCOME** | | |
| Distributions and interest income (note 4) | **14,459** | 11,586 |
| Dividend income | **194** | 105,193 |
| Management fees (note 4(a)) | **1,027** | 1,152 |
| Advisory and other fees (note 4(l)) | **1,033** | 896 |
| | **16,713** | 118,827 |
| **EXPENSES** | | |
| Administration and other expense (note 10) | **18,077** | 12,528 |
| Finance and foreign exchange expense (recovery) (note 14) | **(947)** | 1,787 |
| | **17,130** | 14,315 |
| Income before income taxes | **7,616** | 31,118 |
| Income tax expense (recovery) (note 8) | **(881)** | 5,030 |
| **Net income for the year** | **$ 8,497** | $ 26,088 |
| Basic net income per share (note 9) | **$ 0.53** | $ 1.64 |
| Fully-diluted net income per share (note 9) | **$ 0.52** | $ 1.59 |

See accompanying notes

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended March 31

| $000's | 2010 | 2009 |
|---|---|---|
| Retained earnings, beginning of year | **$ 202,560** | $ 188,066 |
| Net income for the year | **8,497** | 26,088 |
| | **211,057** | 214,154 |
| Dividends paid | **(1,595)** | (11,594) |
| Retained earnings, end of year | **$ 209,462** | $ 202,560 |

See accompanying notes

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31

| $000's | 2010 | 2009 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income for the year | **$ 8,497** | $ 26,088 |
| Add (deduct) items not involving a current cash outlay | | |
| Amortization of fixed assets | **323** | 313 |
| Stock-based compensation expense (recovery) | **1,111** | (2,385) |
| Future income tax expense (recovery) | **824** | (403) |
| Net realized losses (gains) on corporate investments | **(153)** | 70,876 |
| Net unrealized losses (gains) on corporate investments | **(7,880)** | 2,518 |
| Non-cash items relating to derivative instruments | **(13,375)** | 9,505 |
| Non-cash items relating to corporate investments | **12,167** | (109,016) |
| | **1,514** | (2,504) |
| Net change in non-cash working capital balances related to operations (note 11) | **(21,756)** | (11,108) |
| **Cash used in operating activities** | **(20,242)** | (13,612) |
| | | |
| **INVESTING ACTIVITIES** | | |
| Acquisition of corporate investments | **(26,368)** | (30,520) |
| Proceeds on sale of corporate investments | **4,779** | 40,532 |
| Return of capital from corporate investments | **1,439** | 5,546 |
| Proceeds on (cost of) realized derivative instruments | **1,952** | (5,387) |
| Net proceeds on sale (acquisition) of temporary investments | **(36,404)** | 55,748 |
| Loans advanced | **(74,436)** | (19,192) |
| Receipt of loans advanced | **82,287** | 30,118 |
| **Cash provided by (used in) investing activities** | **(46,751)** | 76,845 |
| | | |
| **FINANCING ACTIVITIES** | | |
| Issuance of share capital (note 9) | **—** | 64 |
| Cash dividends paid | **(1,595)** | (11,594) |
| Receipt of loans | **—** | 3,249 |
| **Cash used in financing activities** | **(1,595)** | (8,281) |
| | | |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR** | **(68,588)** | 54,952 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | **112,272** | 57,320 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 11)** | **43,684** | 112,272 |
| | | |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | |
| Income taxes paid | **$ 7,642** | $ 7,866 |
| Interest paid, on gross basis (notes 13(m), 13(n) and 13(o)) | **$ 1,579** | $ 256 |

See accompanying notes

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010 and 2009 (tabular dollar amounts in thousands)

**1. NATURE OF ACTIVITIES**

Clairvest Group Inc. ("Clairvest" or the "Company") is a Canadian private equity management firm publicly traded on the Toronto Stock Exchange ("TSX"). The Company, which operates in only one business segment, actively seeks to form mutually beneficial investments with entrepreneurial corporations. Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners Limited Partnership ("CEP"), Clairvest Equity Partners III Limited Partnership ("CEP III") and Clairvest Equity Partners IV Limited Partnership ("CEP IV") (together, the "CEP Funds"). Clairvest contributes financing and strategic expertise to support the growth and development of its investees in order to create realizable value for all shareholders. Clairvest is incorporated under the laws of the Province of Ontario.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and its pro-rata ownership of various acquisition entities that exist for investing purposes. All intercompany amounts and transactions have been eliminated upon consolidation.

In accordance with Accounting Guideline 18 ("AcG-18"), the Company designated its temporary investments and its corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

**Adoption of New Accounting Policies**

Effective fiscal 2010, the Company adopted Emerging Issues Committee Abstract 173 ("EIC-173"), "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which requires the Company's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC 173 did not have a significant impact on the consolidated financial statements.

Effective fiscal 2010, the Company adopted amendments to CICA Handbook Section 3862 to improve fair value and liquidity risk disclosures of its financial instruments. Section 3862 now requires that all financial instruments be categorized into one of three hierarchy levels as described below:

Level 1 – inputs are quoted prices in active markets for identical instruments.

Level 2 – inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

The Company's disclosure on the fair value hierarchy of its financial instruments is included in Note 14 to the consolidated financial statements.

**Future Accounting Changes**

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. As a result, Clairvest is required to adopt IFRS commencing April 1, 2011. Subsequent to year end, the AcSB proposed an amendment which would allow Canadian companies which currently follow AcG-18 to continue to use existing Canadian Generally Accepted Accounting Principles ("GAAP") until fiscal years beginning on or after January 1, 2012.

Clairvest is currently evaluating the impact of adopting IFRS and the potential delay in adoption as a result of the AcSB proposal.

**Significant Accounting Policies**

The following is a summary of the significant accounting policies of the Company:

**(a) Temporary Investments and Corporate Investments**

The Company carries its temporary investments and its corporate investments at fair value. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at a value which takes into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants, the underlying security of which is traded on a recognized securities exchange, if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security of which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of less than 90 days from the date of acquisition. Cash equivalents consist of deposits in savings accounts, term deposits, fixed income mutual funds and corporate bonds.

**(c) Foreign Currency Translation**

Income and expenses denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates. Non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses are included in income in the period in which they occur.

**(d) Derivative Financial Instruments**

The Company periodically enters into foreign exchange forward contracts, primarily to hedge its exposure to exchange rate fluctuations on its foreign currency denominated investments. These foreign exchange forward contracts and, where applicable, their underlying investments, are valued at exchange rates in effect at the consolidated balance sheet dates.

Foreign exchange forward contracts are included on the consolidated balance sheet as derivative instruments and are valued at fair value representing the estimated amount that the Company would have been required to pay, or received, had the Company settled the outstanding contracts at the consolidated balance sheet dates. Any unrealized gains or losses are included in finance and foreign exchange expense (recovery) on the consolidated statement of income.

**(e) Income Recognition**

Realized gains or losses on disposition of corporate investments and unrealized gains or losses in the value of corporate investments are calculated based on weighted average cost and are reflected in the consolidated statements of income.

Management fees and advisory and other fees are recorded as income on an accrual basis when the services are performed. Distributions and interest income are recognized on an accrual basis and dividend income is recognized on the ex-dividend date.

**(f) Future Income Taxes**

The Company records future income tax expense or recovery using the asset and liability method. Under this method, future income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective income tax bases, as well as certain carryforward items. Future income tax assets and liabilities are determined for each temporary difference based on the income tax rates that are expected to be in effect when the asset or liability is settled. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized.

**(g) Stock-based Compensation Plan**

The Company's stock option plan allows a cash settlement of stock options. As a result, compensation expense is recognized and recorded as a liability based on the intrinsic value of the outstanding stock options at the consolidated balance sheet dates and the proportion of their vesting periods that have elapsed. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees is credited to share capital. On the exercise of stock options for cash, the liability recorded is reduced and any difference between the liability accrued and the amount paid is recorded in income.

**(h) Deferred Share Unit Plan**

Directors of the Company may elect to receive all or a portion of their compensation in deferred share units ("DSUs"). On the date directors' fees are payable, the number of DSUs to be credited to a participant is determined by dividing the amount of the fees to be received by way of DSUs by the market value of a Clairvest common share on the TSX. Upon redemption of DSUs, the Company pays to the participant a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the market value of a Clairvest common share on the TSX on the redemption date. A participant may redeem his or her DSUs only following termination of board service.

Under the Company's DSU plan, the fair value of the DSUs is charged to administration and other expense based on the number of DSUs outstanding at the consolidated balance sheet dates multiplied by the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates.

During fiscal 2008, the DSU plan was amended to also facilitate the issuance of Appreciation Deferred Share Units ("Appreciation DSUs") to the directors of the Company. Upon redemption of the Appreciation DSUs, the Company pays to the participant a lump sum cash payment equal to the number of Appreciation DSUs to be redeemed multiplied by the difference between the market value of a Clairvest common share on the TSX on the redemption date and the market value of a Clairvest common share on the TSX on the grant date. A participant may redeem his or her Appreciation DSUs only following termination of board service. Under the Company's DSU plan, the fair value of the Appreciation DSUs is charged to administration and other expense based on the number of Appreciation DSUs outstanding at the consolidated balance sheet dates multiplied by the difference between the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates and the market value of a Clairvest common share on the TSX on the grant date.

**(i) Book Value Appreciation Rights Plan**

The Company may elect to issue all or a portion of an individual's stock option grant by way of book value appreciation rights units ("BVARs"). Upon redemption of BVARs, the Company pays to the participant a lump sum cash payment equal to the number of BVARs to be redeemed multiplied by the increase in book value per share between the grant date and the redemption date, and grossed up such that the participant's after-tax proceeds equate to an amount as if the proceeds were taxed at the capital gains rate. The BVARs vest over a five-year period and the participant may only redeem his or her BVARs at the earlier of (i) five years from the grant date or (ii) cessation of employment with the Company.

As the Company's BVAR plan is a cash settled plan, the fair value of the BVARs is charged to administration and other expense and recorded as a liability over the BVAR vesting period based on the book value per share at the consolidated balance sheet date of the prior quarter.

**(j) Net Income Per Share**

Basic net income per share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Fully-diluted net income per share is determined in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding during the year.

**(k) Use of Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

**3. TEMPORARY INVESTMENTS**

Temporary investments consist of guaranteed investment certificates, corporate bonds and preferred shares and have maturities greater than 90 days from the date of acquisition and through to December 2012. The yield on these investments ranges between 0.7% and 4.9% per annum (2009 – between 2.7% and 5.6%) with a weighted average rate of pre-tax return of 2.7% per annum (2009 – 3.7%). The composition of Clairvest's temporary investments at March 31 was as follows:

| | 2010 | | | 2009 |
|---|---|---|---|---|
| | **Due in 1 year or less** | **Due after 1 year** | **Total** | Total |
| Guaranteed Investment Certificates | **$ 20,073** | **$ 21,976** | **$ 42,049** | $ 15,048 |
| Corporate bonds | **44,680** | **18,340** | **63,020** | 51,585 |
| Preferred shares | **—** | **3,475** | **3,475** | 5,507 |
| | **$ 64,753** | **$ 43,791** | **$ 108,544** | $ 72,140 |

**4. RELATED PARTY TRANSACTIONS**

(a) A wholly owned subsidiary of Clairvest ("GP I") has entered into a Management Agreement with the General Partner of CEP, appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. The fee was calculated annually as 2% of committed capital until August 21, 2006, the fifth anniversary of the last closing of CEP, and thereafter at 2% of contributed capital of CEP less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP. During fiscal 2010, GP I earned net management fees of $1.0 million (2009 – $1.2 million) as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of $0.2 million (2009 – $0.3 million) from corporate investments of CEP were netted against the management fees.

(b) The General Partner of CEP is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. The distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP are allocated 50% to each of its limited partners, one of which is another wholly owned subsidiary of Clairvest ("Clairvest Subsidiary"), and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP I (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During fiscal 2010, CEP declared distributions to the General Partner totaling $6.8 million (2009 – $2.9 million), 50% of which, or $3.4 million (2009 – $1.5 million), was allocated to Clairvest Subsidiary. During fiscal 2010, CEP paid to the General Partner distributions totaling $9.7 million (2009 – nil) that were declared in fiscal 2009 and 2010. At March 31, 2010, CEP had declared and paid distributions to the General Partner totaling $9.7 million (2009 – declared $2.9 million, paid nil), 50% of which, or $4.9 million (2009 – $1.5 million), was allocated to Clairvest Subsidiary. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to a further $15.3 million (2009 – $19.2 million) of distributions, 50% of which, or $7.6 million (2009 – $9.6 million), would be payable to Clairvest Subsidiary.

(c) Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a priority distribution from CEP III. The priority distribution is calculated monthly as 0.1667% of committed capital until the earlier of August 2011, being the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed to new investments, and thereafter 0.1667% of contributed capital net of any distribution on account of capital and write-downs of capital invested. The priority distribution is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP III. During the year, CEP III declared to GP I net priority distributions of $4.1 million (2009 – $4.1 million). As per the Limited Partnership Agreement, fees of $0.4 million (2009 – $0.4 million) from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described in Note 4(d) below. To date, CEP III has not made any distributions to GP I other than priority distributions.

(d) GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted in Note 4(c) above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, GP I and GP II would not receive any distributions other than the priority distributions described in Note 4(c). Any distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I (the "Participation III Investors"). The Participation III Investors have purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. The General Partner of the Participation III Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first $1.1 million contributed by the Participation III Investors into the Participation III Partnership, the amount of which was invested in Kubra Data Transfer Ltd. ["Kubra"], plus the first $0.2 million received by the Participation III Partnership as described above.

(e) GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("CEP III Co-Invest") of 10% to June 23, 2008 and 8.25% thereafter. CEP III Co-Invest was established in 2006 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from CEP III Co-Invest will be allocated 100% to the Participation III Partnership.

(f) Clairvest is also the parent company of the two General Partners of CEP IV (GP I and "GP III"). GP I is entitled to a priority distribution from CEP IV. The priority distribution is calculated monthly as follows: i) from the month in which CEP IV makes its first investment to the last day on which CEP III calculates its priority distributions based on committed capital ("CEP III Termination Date"), 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 0.1667% of committed capital; and iii) thereafter 0.1667% of contributed capital net of distributions on account of capital and any write-downs of capital invested. The priority distribution is reduced to the extent of 67.9% of fees earned by GP I from corporate investments of CEP IV. During fiscal 2010, CEP IV did not declare any priority distributions. GP I is also entitled to distributions made by CEP IV equal to 2% of gains of CEP IV determined as described in Note 4(g) below. To date, CEP IV has not made any distributions to GP I.

(g) GP III, a limited partnership, the general partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP IV equal to 18% of net gains of CEP IV. These distributions to GP III, and GP I as noted in Note 4(f) above, will be determined based on the overall performance of CEP IV. No such distributions are permitted until CEP IV's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP IV has not made any distributions to GP III. Any distributions received by GP III will be allocated to each of its two limited partners, one of which is Clairvest Subsidiary which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation IV Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation IV Partnership are principals and employees of Clairvest and GP I (the "Participation IV Investors"). The Participation IV Investors have purchased, at fair market value, units of the Participation IV Partnership. From time to time, additional units in the Participation IV Partnership may be purchased by Participation IV Investors. The General Partner of the Participation IV Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first $1.6 million contributed by the Participation IV Investors into the Participation IV Partnership, the amount of which was invested in Midwest Gaming Holdings, LLC ("Midwest Gaming") subsequent to year end, plus the first $0.4 million received by the Participation IV Partnership as described above.

(h) GP III is also entitled to a carried interest in respect of CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest") of 8.25%. CEP IV Co-Invest was established in 2009 as the investment vehicle through which Clairvest would co-invest alongside CEP IV. Distributions received by GP III from CEP IV Co-Invest will be allocated 100% to the Participation IV Partnership.

(i) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company and GP I totaling $1.0 million (2009 – $0.7 million). The share purchase loans bear interest fixed at the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of $1.0 million (2009 – $0.5 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totaling $0.5 million (2009 – $0.6 million). The loans to officers of the affiliated company bear interest at rates commensurate with prime and interest is paid quarterly. Loans are repayable upon departure of the officer. Interest of $49,000 (2009 – $58,000) was earned on these loans during fiscal 2010. Also included in accounts receivable and other assets are receivables from Clairvest's investee companies totaling $3.0 million (2009 – $2.2 million), from CEP totaling $0.7 million (2009 – $1.8 million), from CEP III totaling $0.1 million (2009 – $1.2 million) and from CEP IV totaling $4.6 million. Also included in accounts receivable and other assets is a refundable deposit of $8.5 million paid to the State of Kansas with respect to a gaming license application in Wichita, Kansas, the amount of which was refunded in full subsequent to year end.

(j) Loans totaling $3.2 million (2009 – nil), bearing interest at the prime rate, were made by the Company to CEP during fiscal 2010, $0.6 million of which were outstanding at March 31, 2010. Interest of $3,000 (2009 – nil) was earned from loans to CEP during fiscal 2010.

(k) Loans totaling $71.0 million (2009 – $18.2 million), bearing interest at the prime rate, were made by the Company to CEP III during fiscal 2010. During fiscal 2010, these loans and the $8.5 million (2009 – $17.5 million) in loans outstanding at March 31, 2009 were repaid in full (2009 – $27.2 million were repaid). Interest of $91,000 (2009 – $144,000) was earned from loans to CEP III during fiscal 2010.

(l) During fiscal 2010, Clairvest earned $3.3 million (2009 – $3.3 million) in distributions and interest income and $1.0 million (2009 – $0.9 million) in advisory and other fees from its investee companies.

## 5. NET REALIZED GAINS (LOSSES) ON CORPORATE INVESTMENTS

Net realized gains (losses) on corporate investments for the years ended March 31, 2010 and 2009 are comprised of the following:

| | **2010** | 2009 |
|---|---|---|
| Net realized gains (losses) during the year | **$ (3,538)** | $ 6,460 |
| Previously recognized net unrealized (gains) losses | **3,691** | (77,336) |
| | **$ 153** | $ (70,876) |

## 6. CORPORATE INVESTMENTS

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | **Fair value** | **Cost** | **Difference** | Fair value | Cost | Difference |
| Casino Marina del Sol | **$ 9,699** | **$ 9,911** | **$ (212)** | $ 11,571 | $ 10,624 | $ 947 |
| Casino New Brunswick | **8,687** | **8,687** | **—** | 2,342 | 2,342 | — |
| Hudson Valley Waste Holding, Inc. | **8,952** | **9,221** | **(269)** | — | — | — |
| Kubra Data Transfer Limited | **6,573** | **2,150** | **4,423** | 5,962 | 2,150 | 3,812 |
| Landauer Metropolitan Inc. | **7,693** | **4,429** | **3,264** | 5,015 | 3,636 | 1,379 |
| Latin Gaming Chile S.A. | **12,435** | **12,443** | **(8)** | 11,461 | 9,132 | 2,329 |
| Latin Gaming Osorno S.A. | **16,942** | **16,618** | **324** | 18,830 | 16,618 | 2,212 |
| Light Tower Rentals Inc. | **6,280** | **6,233** | **47** | 7,368 | 5,884 | 1,484 |
| Lyophilization Services of New England Inc. | **4,887** | **6,454** | **(1,567)** | 6,068 | 6,454 | (386) |
| N-Brook Mortgage LP | **2,625** | **5,037** | **(2,412)** | 3,115 | 5,037 | (1,922) |
| PEER 1 Network Enterprises Inc. | **5,494** | **6,291** | **(797)** | — | — | — |
| Tsuu T'ina Gaming Limited Partnership | **8,631** | **5,625** | **3,006** | 7,603 | 5,625 | 1,978 |
| Van-Rob Inc. | **4,853** | **5,000** | **(147)** | 3,750 | 5,000 | (1,250) |
| Wellington Financial Fund II | **211** | **1** | **210** | 986 | 726 | 260 |
| Wellington Financial Fund III | **13,733** | **12,476** | **1,257** | 13,110 | 12,476 | 634 |
| | **117,695** | **110,576** | **7,119** | 97,181 | 85,704 | 11,477 |
| Other investments | **1,186** | **295** | **891** | 5,684 | 4,772 | 912 |
| | **$ 118,881** | **$ 110,871** | **$ 8,010** | $ 102,865 | $ 90,476 | $ 12,389 |

The cost and fair value of corporate investments do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as hedges against these investments (see Note 12(b)). Details of each investment are described below.

**(a) Casino Marina del Sol ("Casino del Sol")**

Casino del Sol is a gaming entertainment complex in Chile, adjacent to the city of Concepción.

During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, advanced a $0.7 million non-interest bearing loan to Casino del Sol. The loan was repaid in full during fiscal 2010. Also during fiscal 2009, Clairvest sold a portion of its interest in the Canadian acquisition entity to unrelated parties. Clairvest received $0.5 million from the sale, which represented Clairvest's cost.

During fiscal 2010, Casino del Sol was impacted by an earthquake which occurred in Chile on February 27, 2010. Casino del Sol had purchased insurance for property damage and for business interruption of up to 12 months. Casino del Sol is preparing its insurance claims and repairing the facilities.

At March 31, 2010 and 2009, Clairvest, through Canadian and Chilean acquisition entities, owned 238,200 common shares of Casino del Sol, representing an 11.9% ownership interest on a fully-diluted basis.

**(b) Casino New Brunswick**

Casino New Brunswick is a gaming entertainment complex that was being constructed adjacent to the City of Moncton, in the Province of New Brunswick. Subsequent to year end, the casino segment of the development commenced operations.

During fiscal 2009, Clairvest committed $8.0 million to build Casino New Brunswick, $2.3 million of which was funded to March 31, 2009. During fiscal 2010, Clairvest funded an additional $5.7 million to fully satisfy this commitment and an additional $0.7 million to cover additional costs associated with the project. The investments were made in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 6% per annum thereafter. At March 31, 2010, Clairvest has funded $8.7 million (2009 – $2.3 million) to Casino New Brunswick. Clairvest also holds units of a limited partnership which holds Casino New Brunswick, entitling Clairvest to 22.2% (2009 – 22.2%) of the earnings of the casino once it is operating.

**(c) Hudson Valley Waste Holding, Inc. ("Hudson Valley")**

Hudson Valley is a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States. During fiscal 2010, Clairvest invested $9.2 million to acquire 8,750 Series A convertible preferred shares in Hudson Valley, representing an 8.3% ownership interest unless certain return thresholds are met, at which point ownership interest would be reduced to 6.2%.

**(d) Kubra Data Transfer Limited**

Kubra is a business process outsourcing company focused on the distribution of household bills on behalf of its customers.

At March 31, 2010 and 2009, Clairvest owned 2,150,000 Class A voting common shares of Kubra, representing a 12.8% interest on a fully-diluted basis.

**(e) Landauer Metropolitan Inc. ("Landauer")**

Landauer is a supplier of home medical equipment in the northeastern United States.

During fiscal 2010, Clairvest, through a wholly owned subsidiary, acquired an additional 301,275 common shares for $0.6 million. Also during fiscal 2010, Clairvest advanced a $0.2 million bridge loan to Landauer. The loan bears interest at a rate of 25% per annum, payable monthly, and is repayable on April 16, 2010. Any unpaid interest will accrue interest at the same rate. The Company has the option to convert the bridge loan to common shares of Landauer if the loan is not repaid by April 16, 2010. Subsequent to year end, the loan was due but has not been demanded or converted and a portion of the loan was sold to Landauer management at accrued cost.

At March 31, 2010, Clairvest, through a wholly owned subsidiary, owned 1,906,250 (2009 – 1,906,250) 10% cumulative convertible preferred shares and 748,133 (2009 – 446,858) common shares in Landauer, representing a 13.9% (2009 – 13.4%) interest on a fully-diluted basis. The preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion.

**(f) Latin Gaming Chile S.A. ("Latin Gaming Chile")**

Latin Gaming Chile is a casino operator in Chile. It is also Clairvest's partner in its investment in Latin Gaming Osorno S.A. (see Note 6(g)).

During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, loaned US$8.8 million (C$9.1 million) to Latin Gaming Chile to support the construction of a casino in Calama, Chile. The loans bore interest at 5% per annum to August 10, 2009 and were non-interest bearing thereafter.

During fiscal 2010, the Company, through Canadian and Chilean acquisition entities, loaned an additional US$3.0 million (C$3.3 million) loan to Latin Gaming Chile under the same terms, bringing total loans to US$11.8 million (C$12.4 million).

The loans were provided as bridging capital as Clairvest was awaiting regulatory approval and completion of negotiation to invest in this casino project. Regulatory approval was received during fiscal 2010. The loans are repayable on demand but have not been demanded.

**(g) Latin Gaming Osorno S.A. ("Osorno Casino")**

Casino Osorno is a gaming entertainment complex in Osorno, Chile, which is operated by Latin Gaming Chile.

At March 31, 2008, the Company, through Canadian and Chilean acquisition entities, provided a loan of US$5.0 million (C$5.0 million) to Latin Gaming Chile, bearing interest at 5% per annum.

During fiscal 2009, the Company, through Canadian and Chilean acquisition entities, provided an additional US$3.0 million (C$3.1 million) loan to Latin Gaming Chile under the same terms, bringing total loans to US$8.0 million (C$8.1 million). Also during fiscal 2009, Clairvest received the necessary regulatory approval to invest in Casino Osorno, and invested US$16.0 million (C$16.6 million) in Casino Osorno through Canadian and Chilean acquisition entities. The US$8.0 million (C$8.1 million) in loans previously advanced to Latin Gaming Chile were repaid in full upon the closing of the investment in Casino Osorno.

At March 31, 2010 and 2009, Clairvest, through Canadian and Chilean acquisition entities, owned 64,000 common shares of Casino Osorno, representing a 50% ownership interest on a fully-diluted basis.

**(h) Light Tower Rentals Inc. ("Light Tower Rentals")**

Light Tower Rentals is an oilfield equipment rental company operating in Texas, New Mexico and Colorado.

During fiscal 2010, Clairvest invested $0.3 million for 340,822 common shares of LTR Equipment Inc. ("LTR Equipment"), a company affiliated with Light Tower Rentals which supplies certain equipment to Light Tower Rentals.

At March 31, 2010 and 2009, Clairvest owned 5,841,250 Series A convertible preferred shares in Light Tower Rentals, which could be converted into a 10.8% ownership interest on a fully-diluted basis. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion. Also at March 31, 2010, Clairvest owned 340,822 common shares in LTR Equipment representing an 11.0% interest on a fully-diluted basis.

**(i) Lyophilization Services of New England Inc. ("LSNE")**

LSNE is a Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers.

At March 31, 2008, Clairvest owned 5,000,000 Series A 10% cumulative convertible preferred shares in LSNE.

During fiscal 2009, Clairvest acquired an additional 1,406,000 Series A 10% cumulative convertible preferred shares for $1.4 million. Also during fiscal 2009, management determined that the carrying value of LSNE should be written down by $2.0 million as a result of a decline in LSNE's operating results. The write-down was partially offset by $1.6 million in foreign exchange gains during fiscal 2009.

At March 31, 2010 and 2009, Clairvest owned 6,406,000 Series A 10% cumulative convertible preferred shares of LSNE, which could be converted into a 12.3% ownership interest on a fully-diluted basis. The preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion.

**(j) N-Brook Mortgage LP ("N-Brook")**

N-Brook originated, adjudicated and underwrote first-ranking mortgages on owner-occupied, residential real estate in Ontario, British Columbia and Alberta. Clairvest had fully funded its $5.0 million commitment to N-Brook in fiscal 2008. Clairvest's fully-diluted interest in N-Brook at March 31, 2010 and 2009 was 14.7%.

During fiscal 2009, N-Brook management decided to wind down its mortgage portfolio. Also during fiscal 2009, Clairvest determined that the carrying value of N-Brook should be written down by $2.2 million as a result of a downward revision of the expected net realizable value of the investment.

During fiscal 2010, Clairvest wrote down the carrying value of N-Brook by a further $0.5 million.

**(k) PEER 1 Network Enterprises Inc. ("PEER 1")**

Peer 1 is a global online IT infrastructure provider based in Vancouver. During fiscal 2010, Clairvest invested $6.3 million to acquire 5,134,617 common shares in PEER 1, representing a 4.2% interest on a fully-diluted basis.

**(l) Tsuu T'ina Gaming Limited Partnership ("Tsuu T'ina")**

Tsuu T'ina is a charitable casino on Tsuu T'ina First Nation reserve lands, located immediately southwest of the City of Calgary. The Company's investment is in the form of subordinated debt with a 16% coupon. Clairvest also holds units of a limited partnership which holds Tsuu T'ina, entitling Clairvest to between 2.8% and 9.6% of the earnings of the casino from the date of commencement of operations, December 19, 2007, for a period of 15 years.

At March 31, 2010 and 2009, Clairvest had fully funded its $5.6 million commitment in 16% subordinated debt to Tsuu T'ina.

**(m) Van-Rob Inc. ("Van-Rob")**

Van-Rob is a supplier of metal stampings and welded assemblies to the North American auto sector.

During fiscal 2009, the par value of the Class A special convertible shares of Van-Rob was increased from $1.00 per share to $1.50 per share, increasing the par value of Clairvest's 5,000,000 Class A special convertible shares to $7.5 million. Also during fiscal 2009, Clairvest determined that the carrying value of Van-Rob should be written down by $3.7 million as a result of the significant risk surrounding the automotive related industry.

During fiscal 2010, Clairvest increased the carrying value of Van-Rob by $1.1 million to $4.9 million as the prospects of the automotive industry improved during the year.

At March 31, 2010 and 2009, Clairvest owned 5,000,000 Class A special convertible shares in Van-Rob, representing a 5.5% fully-diluted ownership interest. Each Class A special convertible share is convertible into 1.1285 common shares and the conversion is at Clairvest's discretion.

**(n) Wellington Financial Fund II ("Wellington Fund II")**

Wellington Fund II provided debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. Clairvest, as a limited partner, had committed to fund $20.0 million to Wellington Fund II. Clairvest's commitment represents a 24.1% interest in Wellington Fund II.

As a result of the closing of Wellington Financial Fund III (see Note 6(o)), any unfunded capital commitments to Wellington Fund II were extinguished. Clairvest had funded $13.6 million (2009 – $13.6 million) to Wellington Fund II, all of which (2009 – $12.9 million) had been returned at March 31, 2010. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund II.

**(o) Wellington Financial Fund III ("Wellington Fund III")**

Wellington Fund III, a successor to Wellington Fund II, provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada and the United States. Clairvest, as a limited partner, committed to fund $25.0 million to Wellington Fund III.

During fiscal 2009, Wellington Fund III increased its fund size from $125.9 million to $150.0 million as a result of the entry of new limited partners. Clairvest's interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling $5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future.

At March 31, 2010 and 2009, $12.5 million of Clairvest's commitment had been funded. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund III.

## 7. CREDIT FACILITIES

The Company has a $20.0 million credit facility available, bearing interest at prime plus 0.5% per annum. The prime rate at March 31, 2010 was 2.25% (2009 – 2.50%). The amount available under the credit facility at March 31, 2010 and 2009 was $20.0 million which is based on debt covenants within the banking arrangement. No amounts were drawn during fiscal 2010 and 2009.

Subsequent to year end, the Company closed on a new 10-year, $75.0 million, committed credit facility with a financial institution. The credit facility may be increased to $100.0 million on or before September 30, 2010 upon mutual consent. The credit facility bears interest at 11% per annum on drawn amounts and at 1% per annum on undrawn amounts. No amounts were drawn subsequent to year end.

## 8. INCOME TAXES

Income tax expense for the years ended March 31, 2010 and 2009 consist of the following:

| | **2010** | 2009 |
|---|---|---|
| Current income tax expense (recovery) | **$ (1,705)** | $ 5,433 |
| Future income tax expense (recovery) | **824** | (403) |
| | **$ (881)** | $ 5,030 |

A reconciliation of the income tax expense (recovery) based on the statutory rate in Canada and the effective rate is as follows:

| | 2010 | % | 2009 | % |
|---|---|---|---|---|
| Income before income taxes | **$ 7,616** | | $ 31,118 | |
| Statutory Canadian income tax rate | | **32.75** | | 33.38 |
| Statutory Canadian income taxes | **2,494** | **32.75** | 10,386 | 33.38 |
| Non-taxable dividends and distributions received | **(2,514)** | **(33.01)** | (25,198) | (80.98) |
| Non-taxable portion of net investment losses (gains) | **(2,085)** | **(27.38)** | 19,860 | 63.82 |
| Non-taxable portion of losses (gains) on temporary investments | **(203)** | **(2.67)** | 330 | 1.06 |
| Non-deductible portion of finance expense (recovery) | **(135)** | **(1.77)** | 1,133 | 3.64 |
| Non-deductible portion of other expenses (recovery) | **1,617** | **21.24** | (1,099) | (3.53) |
| Payment of prior years' taxes | **173** | **2.27** | 42 | 0.13 |
| Foreign income tax rate differences | **1,429** | **18.76** | (936) | (3.01) |
| Other | **(1,657)** | **(21.76)** | 512 | 1.65 |
| | **$ (881)** | **(11.57)** | $ 5,030 | 16.16 |

Future tax assets and liabilities relate to loss carryforwards and temporary differences on corporate and temporary investments, derivative instruments, accounts payable and accrued liabilities and income, as follows:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Loss carryforwards | **$ 86** | **$ (1,309)** | $ — | $ (300) |
| Temporary differences on corporate and temporary investments | **(130)** | **(304)** | 2,253 | 1,009 |
| Temporary differences on derivative instruments | **(384)** | **504** | 196 | (709) |
| Temporary differences on accounts payable and accrued liabilities | **1,286** | **—** | 1,677 | — |
| Temporary differences on income | **—** | **2,314** | — | 4,049 |
| Other | **(750)** | **250** | (600) | — |
| | **$ 108** | **$ 1,455** | $ 3,526 | $ 4,049 |

## 9. SHARE CAPITAL

### Authorized

Unlimited number of preference shares issuable in series, with the designation, rights, privileges, restrictions, and conditions to be determined by the Board of Directors prior to the issue of the first shares of a series.

Unlimited number of common shares

10,000,000 non-voting shares

### Issued and outstanding

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| **Common shares, beginning of year** | **15,953,566** | **$ 82,823** | 15,943,566 | $ 82,713 |
| Issued on exercise of stock options | **—** | **—** | 10,000 | 110 |
| **Common shares, end of year** | **15,953,566** | **$ 82,823** | 15,953,566 | $ 82,823 |

During fiscal 2010, the Company filed a normal course issuer bid enabling it to make market purchases of up to 797,678 (2009 – 797,678) of its common shares in the 12-month period commencing March 6, 2010.

During fiscal 2010 and 2009, the Company made no purchases or cancellations under its normal course issuer bid. In total, 2,544,424 common shares at a cost of $21.9 million have been purchased under this and all previous normal course issuer bids as at March 31, 2010 and 2009. An additional 934,200 common and 2,230,954 non-voting shares have been purchased for cancellation from a financial institution outside of the normal course issuer bid.

15,953,566 (2009 – 15,953,566) common shares were outstanding at March 31, 2010.

The weighted average number of common shares outstanding during fiscal 2010 was 15,953,566 (2009 – 15,946,662). The weighted average number of fully-diluted shares outstanding during fiscal 2010 was 16,285,042 (2009 – 16,386,307).

The difference between the basic and fully-diluted net income per share computations for 2010 and 2009 consists of the following:

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | **Net income ('000s)** | **Number of shares** | **Per share amount** | Net income ('000s) | Number of shares | Per share amount |
| **Basic net income per share** | **$ 8,497** | **15,953,566** | **$ 0.53** | $ 26,088 | 15,946,662 | $ 1.64 |
| Effect of dilutive securities Stock options | | **331,476** | | | 439,645 | |
| **Fully-diluted net income per share** | **$ 8,497** | **16,285,042** | **$ 0.52** | $ 26,088 | 16,386,307 | $ 1.59 |

At March 31, 2010, 235,000 (2009 – nil) outstanding stock options were not included in the calculation of fully-diluted net income per share as they are anti-dilutive.

Under the Company's stock option plan, 1,908,900 (2009 – 1,908,900) common shares of the Company have been reserved for issuance to eligible participants. At March 31, 2010, 1,082,000 (2009 – 1,082,000) options are outstanding under the plan, and an additional 45,500 (2009 – 80,500) are available for future grants. Under the plan, options are exercisable for one common share and the exercise price of the option must equal the market price of the underlying share on the day preceding the grant date.

Options granted vest over a period not to exceed 5 years. Once vested, options are exercisable at any time until their expiry 10 years after the grant date.

During fiscal 2010, 35,000 options were exercised, all of which were exercised under the cash settlement plan and had no impact on share capital. During fiscal 2009, 30,000 options were exercised, 10,000 of which were exercised for shares, increasing share capital by $0.1 million. The remaining 20,000 options were exercised under the cash settlement plan and had no impact on share capital.

A summary of the status of the Company's stock option plan as at March 31, 2010 and 2009 and changes during the years then ended are presented below:

| | Number of options | Weighted average exercise price per share |
|---|---|---|
| Options outstanding, March 31, 2008 | 1,112,000 | $ 8.27* |
| Options exercised | (30,000) | 7.51 |
| Options outstanding, March 31, 2009 | 1,082,000 | 8.29 |
| Options granted | 35,000 | 12.63 |
| Options exercised | (35,000) | 5.22 |
| Options outstanding, March 31, 2010 | **1,082,000** | **$ 8.53** |
| Options exercisable, March 31, 2010 | **837,000** | **$ 7.61** |

* Adjusted for special dividend paid in fiscal 2009

The following table summarizes information about stock options outstanding and exercisable at March 31, 2010:

| | Options outstanding | | | Options exercisable | |
|---|---|---|---|---|---|
| Range of exercise prices | Number outstanding | Weighted average remaining contractual life (yrs) | Weighted average exercise price* | Number exercisable | Weighted average exercise price* |
| $3.00 to $3.99 | 35,000 | 0.2 | $ 3.75 | 35,000 | $ 3.75 |
| $4.00 to $4.99 | 80,000 | 1.4 | 4.23 | 80,000 | 4.23 |
| $5.00 to $5.99 | 150,000 | 2.3 | 5.22 | 150,000 | 5.22 |
| $6.00 to $6.99 | 55,000 | 2.3 | 6.12 | 55,000 | 6.12 |
| $7.00 to $7.99 | 197,000 | 3.5 | 7.43 | 197,000 | 7.43 |
| $9.00 to $9.99 | 330,000 | 5.6 | 9.53 | 240,000 | 9.49 |
| $12.00 to $12.99 | 235,000 | 7.6 | 12.92 | 80,000 | 12.97 |
| | 1,082,000 | | | 837,000 | |

*Adjusted for special dividend paid in fiscal 2009

## 10. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

As a result of a cash settlement feature in Clairvest's stock option plan, Clairvest is required to recognize compensation expense based upon the intrinsic value of the outstanding stock options at the consolidated balance sheet dates, and the proportion of their vesting periods that have elapsed. For the year ended March 31, 2010, Clairvest recognized a stock-based compensation expense of $1.4 million (2009 – $2.2 million recovery). As at March 31, 2010, $4.2 million (2009 – $3.1 million) has been accrued under the Company's stock option plan.

As at March 31, 2010, a total of 155,135 (2009 – 123,636) DSUs were held by directors of the Company, the accrual in respect of which was $2.0 million (2009 – $1.4 million) and has been included in accounts payable and accrued liabilities. For the year ended March 31, 2010, Clairvest recognized an expense of $0.6 million (2009 – $0.1 million) with respect to DSUs.

As at March 31, 2010, 120,000 (2009 – 105,000) Appreciation DSUs were held by directors of the Company, the accrual in respect of which is $19,000 (2009 – nil). For the year ended March 31, 2010, Clairvest recognized an expense of $19,000 (2009 – $117,000 recovery) with respect to Appreciation DSUs.

As at March 31, 2010, a total of 541,000 (2009 – 432,000) BVARs were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was $2.3 million (2009 – $1.5 million) and has been included in accounts payable and accrued liabilities. For the year ended March 31, 2010, Clairvest recognized an expense of $0.8 million (2009 – $1.0 million) with respect to BVARs.

## 11. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances related to operations is detailed as follows:

| | **2010** | 2009 |
|---|---|---|
| Accounts receivable and other assets | **$ (12,006)** | $ (1,977) |
| Income taxes recoverable | **(7,210)** | (80) |
| Accounts payable and accrued liabilities | **(515)** | (7,592) |
| Income taxes payable | **(2,025)** | (1,459) |
| | **$ (21,756)** | $ (11,108) |

Cash and cash equivalents at March 31, 2010 and 2009 are comprised of the following:

| | | 2010 | | 2009 |
|---|---|---|---|---|
| Cash | **$** | **3,843** | $ | 61,134 |
| Cash equivalents | | **39,841** | | 51,138 |
| | **$** | **43,684** | $ | 112,272 |

## 12. FINANCIAL INSTRUMENTS

### (a) Fair Value of Financial Instruments

Cash and cash equivalents have fair values which approximate their carrying values due to their short-term nature.

Receivables, payables, temporary investments and corporate investments are being carried at fair value in accordance with the Company's accounting policy described in Note 2.

### (b) Foreign Exchange Forward Contracts

As at March 31, 2010, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Foreign exchange forward contracts to sell US$62.8 million (2009 – US$36.1 million) at an average rate of Canadian $1.0745 (2009 – $1.1722) per U.S. dollar through to March 2011. The fair value of these contracts at March 31, 2010 is a gain of $3.7 million (2009 – $3.2 million loss) and has been recognized on the consolidated balance sheets as derivative instruments. US$2.3 million (2009 – US$7.1 million) of these forward contracts are in anticipation of future growth in the value of Clairvest's U.S. denominated investments, as described in Note 14. These contracts were settled by entering into offsetting contracts subsequent to year end.

Foreign exchange forward contracts to sell Chilean Unidad de Fomento ("CLF") 0.7 million (2009 – CLF0.7 million) at an average rate of Canadian $44.0993 (2009 – $41.8148) per CLF through to January 2011. The fair value of these contracts at March 31, 2010 is a gain of $2.2 million (2009 – $2.3 million loss) and has been recognized on the consolidated balance sheets as derivative instruments.

At March 31, 2009, the Company also had entered into foreign contracts to sell US$9.3 million and buy $6.2 million, on behalf of CEP III, at an average rate of $1.1779. The fair value of these contracts at March 31, 2009 is a loss of $0.3 million. During fiscal 2010, these foreign exchange forward contracts expired and the corresponding losses were reimbursed by CEP III.

## 13. CONTINGENCIES, COMMITMENTS AND GUARANTEES

(a) Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is $54.7 million, $3.5 million (2009 – $4.0 million) of which remains outstanding at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

(b) Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is $75.0 million, $15.2 million (2009 – $39.8 million) of which remains unfunded at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

(c) Clairvest has also committed to co-invest alongside CEP IV in all investments undertaken by CEP IV. Clairvest's total co-investment commitment is $100.0 million, all of which remains unfunded at March 31, 2010. Subsequent to year end, Clairvest funded $13.2 million of this co-investment commitment reducing the unfunded portion to $86.8 million. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV if the manager of CEP IV, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP IV.

(d) Clairvest has committed $25.0 million to Wellington Fund III, $12.5 million (2009 – $12.5 million) of which remains unfunded at March 31, 2010.

(e) At March 31, 2010, Clairvest has received profit distributions totaling $1.6 million (2009 – $1.4 million) through its ownership interest in the General Partner of Wellington Fund II and $1.5 million (2009 – $1.0 million) through its ownership interest in the General Partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions (the "Clawback") entered into by the General Partners in the event the limited partners of the Wellington Fund II and Wellington Fund III do not meet their return threshold as specified in the respective Limited Partnership Agreements. At March 31, 2010, there were no accruals made with respect to the Clawback (2009 – $0.4 million).

(f) Clairvest has guaranteed up to $3.0 million of CEP's obligations to a Schedule 1 chartered bank under CEP's foreign exchange forward contracts with the bank.

(g) Clairvest and CEP III entered into a US$13.0 million credit facility agreement with a Schedule 1 chartered bank to enter into foreign exchange forward contracts. Clairvest and CEP III are jointly and severally liable on this credit facility. Subsequent to year end, the joint and several agreement was extinguished and Clairvest entered into a stand-alone credit facility agreement.

(h) Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain of Clairvest's corporate investments would be paid to management annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2010, $0.8 million (2009 – $2.8 million) has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of $1.4 million (2009 – $1.4 million) would be owing to management under this Program. As no such income and realizations have occurred and the terms of the Program with respect to these corporate investments have not yet been fulfilled, the $1.4 million (2009 – $1.4 million) has not been accrued at March 31, 2010. The Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.

(i) During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various claims which will reduce over time.

(j) Clairvest, together with CEP, had guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The guarantee was extinguished during fiscal 2010 and no amounts subject to this guarantee had been funded.

(k) Clairvest, together with CEP III, has guaranteed to fund 50% of any operating deficiencies upon the opening of Casino del Sol for a specified period of time. Amounts paid under the guarantee will be allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, no amounts subject to this guarantee have been funded.

(l) Clairvest, together with CEP III, has guaranteed to fund any cost overruns during the construction of Casino New Brunswick, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, $2.7 million of the cost overruns guarantee has been funded, $2.0 million of which was allocated to CEP III, and no amounts subject to the operating deficiencies guarantee have been funded.

(m) As part of the holding structure of Casino del Sol, an acquisition entity borrowed $32.1 million from an unrelated financial institution, while another acquisition entity deposited $32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 23.8% at March 31, 2010, with CEP III owning 71.5% and the remaining 4.7% owned by unrelated third party investors.

(n) As part of the holding structure of Latin Gaming Chile, an acquisition entity borrowed $8.3 million from an unrelated financial institution, while another acquisition entity deposited $8.3 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming Chile, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at March 31, 2010.

(o) As part of the holding structure of Casino Osorno, an acquisition entity borrowed $15.0 million from an unrelated financial institution, while another acquisition entity deposited $15.0 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino Osorno, and as a result, the deposit and the loan, and the interest revenue and expense, have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at March 31, 2010.

(p) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

## 14. RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and the management thereof are described below.

### Credit Risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the years ended March 31, 2010 and 2009, there were no material income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure at March 31, 2010 and 2009, net of any allowances for losses, were as follows:

| | **2010** | 2009 |
|---|---|---|
| Cash and cash equivalents | **$ 43,684** | $ 112,272 |
| Temporary investments | **108,544** | 72,140 |
| Accounts receivable | **18,445** | 6,719 |
| Loans receivable | **698** | 8,549 |
| Derivative instruments | **5,900** | — |
| Corporate investments | **118,881** | 102,865 |
| | **$ 296,152** | $ 302,545 |

The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of investee companies regularly.

The Company is also subject to credit risk on its accounts receivables, the majority of which is with its investee companies. The Company manages this risk through its oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

The Company is also subject to credit risk on its loans receivables, the majority of which is with the CEP Funds. The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. At March 31, 2010, the Company's derivative instruments have an accrued gain and a fair value of $5.9 million. The Company believes the counterparty risk with respect to its derivative instruments is nominal.

The Company manages credit risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly. As at March 31, 2010 and 2009, the credit ratings, based on the Dominion Bond Rating Services ("DBRS") rating scale, for the Company's cash, cash equivalents and temporary investments were as follows:

| | **2010** | 2009 |
|---|---|---|
| **Cash and term deposits** | **$ 30,572** | $ 61,216 |
| **Guaranteed investment certificates and savings accounts** | | |
| AA+ | **5,025** | — |
| AA | **37,941** | 15,048 |
| AA- | **6,980** | — |
| **Corporate bonds** | | |
| AA | **21,544** | 8,194 |
| AA- | **25,466** | 19,292 |
| A+ | **7,025** | 8,100 |
| A | **2,001** | 10,999 |
| A- | **6,976** | 5,001 |
| BBB | **5,166** | — |
| **Preferred shares** | | |
| P-1 low | **1,954** | 1,982 |
| P-2 | **—** | 421 |
| P-2 low | **1,521** | — |
| P-3 high | **—** | 2,003 |
| P-3 | **—** | 801 |
| P-4 | **—** | 299 |
| **Other fixed income investments** | | |
| R1-High | **49** | 841 |
| **Other non-rated securities** | **8** | 50,215 |
| **Total cash, cash equivalents and temporary investments** | **$ 152,228** | $ 184,412 |

**Market Risk**

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates. The following table presents the financial instruments measured at fair value classified by the fair value hierarchy set out in CICA Handbook Section 3862 as described in Note 2:

| | **2010** | | | | 2009 |
|---|---|---|---|---|---|
| | **Fair value measurements using** | | | **Assets/ liabilities at fair value** | Assets/ liabilities at fair value |
| | **Level 1** | **Level 2** | **Level 3** | | |
| **Financial assets** | | | | | |
| Cash | **$ 3,843** | **$ —** | **$ —** | **$ 3,843** | $ 61,134 |
| Cash equivalents | | | | | |
| Investment savings accounts | **7,898** | **—** | **—** | **7,898** | — |
| Term deposits | **26,728** | **—** | **—** | **26,728** | 145 |
| Corporate bonds | **5,166** | **—** | **—** | **5,166** | — |
| Fixed income mutual funds | **49** | **—** | **—** | **49** | 50,993 |
| | **39,841** | **—** | **—** | **39,841** | 51,138 |
| Temporary investments | | | | | |
| Guaranteed investment certificates | **—** | **42,049** | **—** | **42,049** | 15,048 |
| Corporate bonds | **63,020** | **—** | **—** | **63,020** | 51,585 |
| Preferred shares | **3,475** | **—** | **—** | **3,475** | 5,507 |
| | **66,495** | **42,049** | **—** | **108,544** | 72,140 |
| Accounts receivable | **—** | **—** | **18,445** | **18,445** | 6,719 |
| Loans receivable | **—** | **—** | **698** | **698** | 8,549 |
| Derivative instruments | **—** | **5,900** | **—** | **5,900** | — |
| Corporate investments | **5,564** | **—** | **113,317** | **118,881** | 102,865 |
| | **115,743** | **47,949** | **132,460** | **296,152** | 302,545 |
| **Financial liabilities** | | | | | |
| Accounts payable and accrued liabilities | **—** | **—** | **23** | **23** | 268 |
| Derivative instruments | **—** | **—** | **—** | **—** | 5,523 |
| | **$ —** | **$ —** | **$ 23** | **$ 23** | $ 5,791 |

The following table presents the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in CICA Handbook Section 3862 as described in Note 2:

| | Fair value April 1, 2009 | Total realized / unrealized gains (losses) and foreign exchange revaluations included in earnings | Purchases of assets / issuances of liabilities | Sales of assets / settlements of liabilities | Fair value March 31, 2010 | Unrealized gains (losses) and foreign exchange revaluations included in earnings for assets and liabilities for the year ended March 31, 2010 for positions still held |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Accounts receivable | $ 6,719 | $ — | $ 50,290 | $ (38,564) | $ 18,445 | $ — |
| Loans receivable | 8,549 | — | 74,436 | (82,287) | 698 | — |
| Corporate investments | 102,797 | (3,339) | 20,077 | (6,218) | 113,317 | (3,003) |
| | 118,065 | (3,339) | 144,803 | $ (127,069) | $ 132,460 | $ (3,003) |
| **Financial liabilities** | | | | | | |
| Accounts payable | 268 | — | 529 | (774) | 23 | — |
| | $ 268 | $ — | $ 529 | $ (774) | $ 23 | $ — |

As at March 31, 2010, approximately 4.7% of the fair value of the Company's corporate investments was in publicly-traded companies. If market prices were higher or lower by 5% as at March 31, 2010, the potential effect would be an increase or decrease of $0.3 million to the carrying value of corporate investments and net unrealized gains (losses) on corporate investments on a pre-tax basis for the year ended March 31, 2010.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple used in a valuation model based on earnings used for each individual investment. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses, ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred, and iii) multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Investments which are valued using the earnings multiple approach include Hudson Valley, Kubra, Landauer, Light Tower Rentals, LSNE, and Van-Rob. If the Company had used an earnings multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase of $3.9 million or decrease of $4.2 million to the carrying value of corporate investments and net unrealized gains or losses on corporate investments, on a pre-tax basis for the year ended March 31, 2010. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investment portfolio is diversified across 13 companies in 9 industries and 3 countries as at March 31, 2010. Concentration risk by industry and by country is as follows:

| | 2010 | | | | 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Canada** | **United States** | **Chile** | **Fair value** | Canada | United States | Chile | Fair value |
| Automotive related | **$ 4,853** | **$ —** | **$ —** | **$ 4,853** | $ 3,750 | $ — | $ — | $ 3,750 |
| Business services | **1,035** | **6,573** | **—** | **7,608** | 5,062 | 5,962 | — | 11,024 |
| Contract manufacturing | **—** | **4,887** | **—** | **4,887** | — | 6,068 | — | 6,068 |
| Financial services | **16,569** | **—** | **—** | **16,569** | 17,211 | — | — | 17,211 |
| Gaming | **17,318** | **—** | **39,076** | **56,394** | 9,945 | — | 41,862 | 51,807 |
| Health and medical related | **—** | **7,693** | **—** | **7,693** | — | 5,015 | — | 5,015 |
| Information technology | **—** | **5,494** | **—** | **5,494** | — | — | — | — |
| Oil field service | **—** | **6,280** | **—** | **6,280** | — | 7,368 | — | 7,368 |
| Waste management | **—** | **8,952** | **—** | **8,952** | — | — | — | — |
| Other | **151** | **—** | **—** | **151** | 90 | 532 | — | 622 |
| **Total** | **$ 39,926** | **$ 39,879** | **$ 39,076** | **$ 118,881** | $ 36,058 | $ 24,945 | $ 41,862 | $ 102,865 |

Certain industries may experience significant negative impact to their profitability and liquidity positions given the current economic environment. The Company has considered these economic events and indicators in the valuation of its corporate investments.

The Company held $3.5 million in preferred shares of corporations in its temporary investments portfolio at March 31, 2010. Fluctuations between par value and market price did not exceed 7% during the period the shares were held. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at March 31, 2010, Clairvest hedged 100% of the carrying value of its foreign investments. In addition, the Company has entered into foreign exchange contracts in anticipation of future growth in the value of its U.S. denominated investments. These contracts had notional values totaling US$2.3 million and a fair value of a loss of $2,000 at March 31, 2010. These contracts were settled by entering into offsetting contracts subsequent to year end. During fiscal 2010, the Company recognized $1.4 million in foreign exchange expense recovery [2009 – $1.5 million in foreign exchange expense] as a result of the Company's hedging strategy.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact to the profitability of these entities and in turn the Company's fair value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Certain of the Company's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can have a significant impact on the fair value of these investments.

Fluctuations in market interest rates affect the Company's income derived from cash, cash equivalents, and temporary investments. For financial instruments which yield a floating interest income, the interest received is directly impacted by the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of $0.9 million to distributions and interest income on a pre-tax basis for the year ended March 31, 2010.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. See Note 13 which describes the Company's contingencies, commitments and guarantees.

The Company maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a credit facility with a Schedule 1 Canadian chartered bank and subsequent to year end closed on a new credit facility with a financial institution.

## 15. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be the amounts it has in cash, cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital committed or invested in CEP, CEP III and CEP IV. At March 31, 2010, Clairvest had cash, cash equivalents and temporary investments of $152.2 million (2009 – $184.4 million), in addition to $118.9 million (2009 – $102.9 million) of corporate investments. Clairvest also had access to a $20.0 million (2009 – $20.0 million) credit facility and $267.9 million (2009 – $131.2 million) of uncalled committed third-party capital for acquisitions through CEP, CEP III and CEP IV at March 31, 2010.

Clairvest's objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity such that funds are available to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing corporate investments;
- Achieve an appropriate risk-adjusted return on capital;
- Build the long-term value of its corporate investments; and
- Have appropriate levels of committed third-party capital available to invest along with Clairvest's capital. The management of third-party capital also provides management fees and/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by earning a carried interest.

At March 31, 2010 and 2009, Clairvest has no external capital requirements, other than as disclosed in Note 13.

## 16. SUBSEQUENT EVENTS

Subsequent to year end, the Company, through various acquisition entities, invested US$9.3 million (C$9.3 million) in Midwest Gaming to build a casino and related gaming and entertainment facilities in Des Plaines, Illinois. In addition to this investment, Clairvest advanced an additional US$2.4 million (C$2.4 million) loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The Company's ownership interest in Midwest Gaming is 6.0%.

## 17. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 consolidated financial statements.

## MANAGEMENT'S REPORT

The consolidated financial statements of Clairvest Group Inc. were prepared by management, which is responsible for the integrity and fairness of the financial information presented. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized and that financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. Management believes that existing internal controls are appropriate to meet these objectives.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee. The Audit Committee, comprised of three non-management Directors, meets periodically with management and with external auditors to discuss the scope and results with respect to financial reporting of the Company. The Audit Committee has reviewed the consolidated statements with management and with the independent auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ernst & Young LLP, appointed external auditors by the shareholders, have audited the consolidated financial statements and their report is included herewith.

B. Jeffrey Parr
Co-Chief Executive Officer and Managing Director

Lana Reiken
Chief Financial Officer and Corporate Secretary

## AUDITORS' REPORT

**To the Shareholders of Clairvest Group Inc.**

We have audited the consolidated balance sheets of Clairvest Group Inc. as at March 31, 2009 and 2008 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Toronto, Canada,
June 12, 2009

Chartered Accountants
Licensed Public Accountants

# CONSOLIDATED BALANCE SHEETS

As at March 31

| $000's | 2009 | 2008 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents (note 12) | **$ 112,272** | $ 57,320 |
| Temporary investments (note 3) | **72,140** | 127,888 |
| Accounts receivable and other assets (notes 4(b) and 4(f)) | **8,463** | 6,799 |
| Income taxes recoverable | **189** | 109 |
| Loans receivable (notes 4(g), 4(h), 4(i) and 4(j)) | **8,549** | 19,475 |
| Future tax asset | **3,526** | 1,678 |
| Corporate investments (note 6) | **102,865** | 185,390 |
| | **$ 308,004** | $ 398,659 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (notes 4(f) and 11) | **$ 7,932** | $ 15,524 |
| Income taxes payable | **2,025** | 3,484 |
| Loans payable (note 7) | **—** | 99,340 |
| Derivative instruments (note 13(b)) | **5,523** | 1,405 |
| Future tax liability | **4,049** | 2,604 |
| Stock-based compensation (note 11) | **3,092** | 5,523 |
| | **22,621** | 127,880 |
| Contingencies, commitments and guarantees (notes 4, 6, 13 and 14) | | |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (note 10) | **82,823** | 82,713 |
| Retained earnings | **202,560** | 188,066 |
| | **$ 285,383** | $ 270,779 |
| | **$ 308,004** | $ 398,659 |

See accompanying notes

On behalf of the Board:

PHILIP S. ORSINO
Director

JOSEPH J. HEFFERNAN
Director

## CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31

| $000's (except per share information) | 2009 | 2008 |
|---|---|---|
| **NET INVESTMENT GAINS (LOSSES)** | | |
| Net realized gains (losses) on corporate investments (note 5) | **$ (70,876)** | $ 25,132 |
| Net unrealized gains (losses) on corporate investments (note 6) | **(2,518)** | 25,250 |
| | **(73,394)** | 50,382 |
| **OTHER INCOME** | | |
| Distributions and interest income (notes 4(b), 4(c) and 4(k)) | **11,586** | 17,908 |
| Dividend income (notes 4(k) and 6(c)) | **105,193** | 216 |
| Management fees (note 4(a)) | **1,152** | 1,356 |
| Advisory and other fees (note 4(k)) | **896** | 1,475 |
| | **118,827** | 20,955 |
| **EXPENSES** | | |
| Administration and other expenses (note 11) | **12,528** | 26,710 |
| Finance and foreign exchange expenses | **1,787** | 2,530 |
| | **14,315** | 29,240 |
| Income before income taxes | **31,118** | 42,097 |
| Income tax expense (note 9) | **5,030** | 3,854 |
| **Net income for the year** | **$ 26,088** | $ 38,243 |
| Basic net income per share (note 10) | **$ 1.64** | $ 2.40 |
| Fully-diluted net income per share (note 10) | **$ 1.59** | $ 2.34 |

See accompanying notes

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended March 31

| $000's | 2009 | 2008 |
|---|---|---|
| Retained earnings, beginning of year | **$ 188,066** | $ 151,417 |
| Net income for the year | **26,088** | 38,243 |
| | **214,154** | 189,660 |
| Dividends paid | **(11,594)** | (1,594) |
| Retained earnings, end of year | **$ 202,560** | $ 188,066 |

See accompanying notes

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31

| $000's | 2009 | 2008 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income for the year | **$ 26,088** | $ 38,243 |
| Add (deduct) items not involving a current cash outlay | | |
| Amortization of fixed assets | **313** | 77 |
| Stock-based compensation expense (recovery) | **(2,385)** | 1,097 |
| Future income tax recovery | **(403)** | (3,136) |
| Net realized losses (gains) on corporate investments | **70,876** | (25,132) |
| Net unrealized losses (gains) on corporate investments | **2,518** | (25,250) |
| Non-cash items relating to foreign exchange forward contracts | **9,505** | 450 |
| Non-cash items relating to corporate investments | **(109,016)** | (1,489) |
| | **(2,504)** | (15,140) |
| Net change in non-cash working capital balances related to operations (note 12) | **(11,108)** | 23,121 |
| **Cash provided by (used in) operating activities** | **(13,612)** | 7,981 |
| | | |
| **INVESTING ACTIVITIES** | | |
| Acquisition of corporate investments | **(30,520)** | (42,361) |
| Proceeds on sale of corporate investments | **40,532** | 113,380 |
| Return of capital from corporate investments | **5,546** | 3,392 |
| Proceeds on (cost of) realization of foreign exchange forward contracts | **(5,387)** | 654 |
| Net proceeds on sale (acquisition) of temporary investments | **55,748** | (51,583) |
| Loans advanced | **(19,192)** | (90,555) |
| Receipt of loans advanced | **30,118** | 72,904 |
| **Cash provided by investing activities** | **76,845** | 5,831 |
| | | |
| **FINANCING ACTIVITIES** | | |
| Issuance of share capital (note 10) | **64** | 547 |
| Cash dividends paid | **(11,594)** | (1,594) |
| Receipt of loans | **3,249** | 53,530 |
| Repayment of loans | **—** | (22,956) |
| **Cash provided by (used in) financing activities** | **(8,281)** | 29,527 |
| | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR** | **54,952** | 43,339 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | **57,320** | 13,981 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 12)** | **$ 112,272** | $ 57,320 |
| | | |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | |
| Income taxes paid | **$ 7,866** | $ 810 |
| Interest paid | **$ 256** | $ 2,063 |

See accompanying notes

**1. NATURE OF ACTIVITIES**

Clairvest Group Inc. ("Clairvest" or the "Company") is a Canadian merchant bank publicly traded on the Toronto Stock Exchange ("TSX"). The Company, which operates in only one business segment, actively seeks to form mutually beneficial investments with entrepreneurial corporations. Clairvest contributes financing and strategic expertise to support the growth and development of its investees in order to create realizable value for all shareholders. Clairvest is incorporated under the laws of the Province of Ontario.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries that exist for investing purposes. All significant intercompany amounts and transactions have been eliminated upon consolidation.

In accordance with Accounting Guideline 18 ("AcG-18"), the Company designated its temporary investments and its corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with the Canadian Institute of Chartered Accountants Handbook ("CICA Handbook") Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

**Adoption of New Accounting Policies**

Effective fiscal 2009, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation" which require the disclosure of the significance of financial instruments on the Company's financial position, performance and cash flows and the nature and extent of risks arising from financial instruments to which the Company is exposed during the year and at the balance sheet date, and how the Company manages those risks. Note 15 describes in detail Clairvest's risk management policies.

Effective fiscal 2009, the Company also adopted CICA Handbook Section 1535, "Capital Disclosures", which requires disclosure of information that enables users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital. Note 16 describes in detail Clairvest's capital management policy.

The adoption of these standards did not have any effect on the Company's financial position, results of operations or cash flows.

**Future Accounting Changes**

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. As a result, Clairvest must adopt IFRS commencing April 1, 2011. Clairvest is currently evaluating the impact of adopting IFRS.

The following is a summary of the significant accounting policies of the Company:

**(a) Temporary Investments and Corporate Investments**

The Company carries its temporary investments and its corporate investments at fair value. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at a value which takes into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business; operating results and financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; contractual rights relating to the investment; public market comparables; private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants, the underlying security of which is traded on a recognized securities exchange, if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security of which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of less than 90 days from the date of acquisition. Cash equivalents consist of fixed income mutual funds and term deposits.

**(c) Foreign Currency Translation**

Income and expenses denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates. Non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses are included in income in the period in which they occur.

**(d) Derivative Financial Instruments**

The Company periodically enters into foreign exchange forward contracts, primarily to hedge its exposure to exchange rate fluctuations on its foreign currency denominated investments. These forward contracts and, where applicable, their underlying investments, are valued at exchange rates in effect at the consolidated balance sheet dates.

As permitted by the CICA Handbook Section 3865, "Hedges", which establishes standards for when and how hedge accounting may be applied, the Company has not applied the requirements of this section.

**(e) Income Recognition**

Realized gains or losses on disposition of corporate investments and unrealized gains or losses in the value of corporate investments are calculated based on weighted average cost and are reflected in the consolidated statements of income. Management fees and advisory and other fees are recorded as income on an accrual basis when the services are performed. Distributions and interest income are recognized on an accrual basis and dividend income is recognized on the ex-dividend date.

**(f) Future Income Taxes**

The Company records future income tax expense or recovery using the asset and liability method. Under this method, future income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective income tax bases, as well as certain carryforward items. Future income tax assets and liabilities are determined for each temporary difference based on the income tax rates that are expected to be in effect when the asset or liability is settled. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized.

**(g) Stock-based Compensation Plan**

The Company's stock option plan allows a cash settlement of stock options. As a result, compensation expense is recognized and recorded as a liability based on the intrinsic value of the outstanding stock options at the consolidated balance sheet dates and the proportion of their vesting periods that have elapsed. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees is credited to share capital. On the exercise of stock options for cash, the liability recorded is reversed and the balance recorded in income.

**(h) Deferred Share Unit Plan**

Directors of the Company may elect to receive all or a portion of their compensation in deferred share units ("DSUs"). On the date directors' fees are payable, the number of DSUs to be credited to a participant is determined by dividing the amount of the fees to be received by way of DSUs by the market value of a Clairvest common share on the TSX. Upon redemption of DSUs, the Company pays to the participant a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the market value of a Clairvest common share on the TSX on the redemption date. A participant may redeem his or her DSUs only following termination of board service.

Under the Company's DSU plan, the fair value of the DSUs is charged to directors' compensation expense based on the number of DSUs outstanding at the consolidated balance sheet dates multiplied by the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates.

During fiscal 2008, the DSU plan was amended to also facilitate the issuance of Appreciation Deferred Share Units ("Appreciation DSUs") to the directors of the Company. Upon redemption of the Appreciation DSUs, the Company pays to the participant a lump sum cash payment equal to the number of Appreciation DSUs to be redeemed multiplied by the difference between the market value of a Clairvest common share on the TSX on the redemption date and the market value of a Clairvest common share on the TSX on the grant date. A participant may redeem his or her Appreciation DSUs only following termination of board service. Under the Company's DSU plan, the fair value of the Appreciation DSUs is charged to directors' compensation expense based on the number of Appreciation DSUs outstanding at the consolidated balance sheet dates multiplied by the difference between the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates and the market value of a Clairvest common share on the TSX on the grant date.

**(i) Book Value Appreciation Rights Plan**

The Company may elect to issue all or a portion of the individual's stock option grant by way of book value appreciation rights units ("BVARs"). Upon the redemption of BVARs, the Company pays to the participant a lump sum cash payment equal to the number of BVARs to be redeemed multiplied by the increase in book value per share between the grant date and the redemption date, and grossed up such that the participant's after-tax proceeds equate to an amount as if the proceeds were taxed at the capital gains rate. The BVARs vest over a five-year period and the participant may only redeem his or her BVARs at the earlier of (i) five years from the grant date or (ii) cessation of employment with the Company.

As the Company's BVAR plan is a cash settled plan, the fair value of the BVARs is charged to compensation expense and recorded as a liability over the BVAR vesting period based on the book value per share at the consolidated balance sheet date of the prior quarter.

**(j) Net Income Per Share**

Basic net income per share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Fully-diluted net income per share is determined in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding during the year.

**(k) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

## 3. TEMPORARY INVESTMENTS

Temporary investments have maturities greater than 90 days from the date of acquisition and through to July 2011. Temporary investments consist of term deposits, corporate bonds and preferred shares. The yield on these investments ranges between 2.7% and 5.6% (2008 – between 3.2% and 12.0%) with a weighted average rate of pre-tax return of 3.7% (2008 – 4.0%). The composition of Clairvest's temporary investments at March 31 was as follows:

| | 2009 | | | 2008 |
|---|---|---|---|---|
| | **Due in 1 year or less** | **Due after 1 year** | **Fair value** | Fair value |
| Bankers' acceptance | **$ —** | **$ —** | **$ —** | $ 20,924 |
| Corporate bonds | **5,714** | **45,871** | **51,585** | 47,956 |
| Preferred shares | **2,383** | **3,124** | **5,507** | 5,814 |
| Fixed income mutual funds | **—** | **—** | **—** | 51,874 |
| Corporate debentures | **—** | **—** | **—** | 1,320 |
| Term deposits | **—** | **15,048** | **15,048** | — |
| | **$ 8,097** | **$ 64,043** | **$ 72,140** | $ 127,888 |

## 4. RELATED PARTY TRANSACTIONS

(a) A wholly owned subsidiary of Clairvest ("GP I") has entered into a Management Agreement with the General Partner of Clairvest Equity Partners Limited Partnership ("CEP"), appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. The fee was calculated annually as 2% of committed capital until the fifth anniversary of the last closing of CEP (August 21, 2006), and thereafter at 2% of contributed capital of CEP less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP. During fiscal 2009, GP I earned net management fees of $1.2 million (2008 – $1.4 million) as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of $0.3 million (2008 – $0.7 million) from corporate investments of CEP were netted against the management fees.

(b) The General Partner of CEP is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. The distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners, one of which is another wholly owned subsidiary of Clairvest ("Clairvest Subsidiary"), and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP I (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During fiscal 2009, CEP declared $2.9 million (2008 – nil) of distributions to the General Partner, 50% of which, or $1.5 million, is attributable to Clairvest Subsidiary and is included in income and accounts receivable and other assets. The amount was paid subsequent to year end. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive $19.2 million of further distributions, 50% of which, or $9.6 million, would be payable to Clairvest Subsidiary.

(c) Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a 2% priority distribution from CEP III. The priority distribution is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP III. During the year, CEP III declared to GP I net priority distributions of $4.1 million (2008 – $4.2 million). As per the Limited Partnership Agreement, fees of $0.4 million (2008 – $0.3 million) from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described in note 4(d) below. To date, CEP III has not made any distributions to GP I other than priority distributions.

(d) GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. The distributions to GP II, and GP I as noted in note

4(c) above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, GP I and GP II would not receive any distributions other than the priority distributions described in note 4(c). Any distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I (the "Participation III Investors"). The Participation III Investors purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by the Participation III Investors.

(e) GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("Clairvest LP") of 10% to June 23, 2008 and 8.25% thereafter. Clairvest LP was established in 2006 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from Clairvest LP will be allocated 100% to the Participation III Partnership.

(f) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company and GP I totaling $0.7 million (2008 – $0.7 million). The share purchase loans bear interest fixed at the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of $0.5 million (2008 – $1.1 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totaling $0.6 million (2008 – $0.7 million). The loans to officers of the affiliated company bear interest at rates commensurate with prime, and interest is paid quarterly. Loans are repayable upon departure of the officer. Interest of $58,000 (2008 – $53,000) was earned on these loans during fiscal 2009. Also included in accounts receivable and other assets are receivables from Clairvest's corporate investments totaling $2.2 million (2008 – $2.7 million), from CEP totaling $1.8 million (2008 – $0.5 million) and from CEP III totaling $1.2 million (2008 – $0.3 million). Included in accounts payable and accrued liabilities is $0.5 million owing to corporate investments (2008 – $0.4 million).

(g) Loans totaling $2.0 million made by the Company to CEP during fiscal 2008 were repaid in full during fiscal 2009. No interest was earned from loans to CEP during fiscal 2009 (2008 – $84,000).

(h) Loans totaling $18.2 million (2008 – $69.5 million), bearing interest at the prime rate, were made by the Company to CEP III during fiscal 2009, in addition to the $17.5 million outstanding at March 31, 2008. During fiscal 2009, $27.2 million of these loans was repaid such that $8.5 million (2008 – $17.5 million) was outstanding at March 31, 2009. An additional $4.2 million was repaid subsequent to year end. Interest of $144,000 (2008 – $360,000) was earned from loans to CEP III during fiscal 2009.

(i) Loans totaling $0.7 million (2008 – nil), bearing interest at the prime rate, made by the Company to Wellington Financial Fund II ("Wellington Fund II") during the year were repaid in full during fiscal 2009. Interest of $3,000 was earned from loans to Wellington Fund II during fiscal 2009.

(j) Loans totaling $0.3 million (2008 – nil), bearing interest at the prime rate, were made by the Company to the General Partner of Wellington Financial Fund III ("GP Wellington Fund III") during the year and were repaid in full during fiscal 2009. Interest of $1,000 was earned from loans to GP Wellington Fund III during fiscal 2009.

(k) During fiscal 2009, Clairvest earned $3.3 million (2008 – $7.4 million) in distributions and interest income, $104.5 million (2008 – nil) in dividends and $0.9 million (2008 – $1.5 million) in advisory and other fees from its corporate investments.

## 5. NET REALIZED GAINS ON CORPORATE INVESTMENTS

Net realized gains on corporate investments for the years ended March 31, 2009 and 2008 are comprised of the following:

| | | **2009** | | 2008 |
|---|---|---|---|---|
| Net realized gains on corporate investments (notes 6(c), 6(d), 6(l)) | **$** | **6,460** | $ | 53,627 |
| Previously recognized net unrealized gains (notes 6(c), 6(d), 6(l)) | | **(77,336)** | | (28,495) |
| | **$** | **(70,876)** | $ | 25,132 |

## 6. CORPORATE INVESTMENTS

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | **Fair value** | **Cost** | **Difference** | Fair value | Cost | Difference |
| Casino Marina del Sol | **$ 11,571** | **$ 10,624** | **$ 947** | $ 11,585 | $ 10,408 | $ 1,177 |
| Casino New Brunswick | **2,342** | **2,342** | **—** | — | — | — |
| Gateway Casinos Inc. | **—** | **—** | **—** | 99,340 | 24,000 | 75,340 |
| Integral Orthopedics Inc. | **—** | **—** | **—** | — | 6,322 | (6,322) |
| Kubra Data Transfer Limited | **5,962** | **2,150** | **3,812** | 3,250 | 2,150 | 1,100 |
| Landauer Metropolitan Inc. | **5,015** | **3,636** | **1,379** | 3,758 | 3,636 | 122 |
| Latin Gaming Chile S.A. | **11,461** | **9,132** | **2,329** | — | — | — |
| Latin Gaming Osorno S.A. | **18,830** | **16,409** | **2,421** | 5,186 | 5,044 | 142 |
| Light Tower Rentals Inc. | **7,368** | **5,884** | **1,484** | 5,996 | 5,884 | 112 |
| Lyophilization Services of New England Inc. | **6,068** | **6,454** | **(386)** | 5,140 | 5,060 | 80 |
| N-Brook Mortgage LP | **3,115** | **5,037** | **(1,922)** | 5,286 | 5,037 | 249 |
| Shepell•fgi | **—** | **—** | **—** | 14,691 | 6,550 | 8,141 |
| Tsuu T'ina Gaming Limited Partnership | **7,603** | **5,625** | **1,978** | 6,462 | 5,625 | 837 |
| Van-Rob Inc. | **3,750** | **5,000** | **(1,250)** | 5,000 | 5,000 | — |
| Wellington Financial Fund II | **986** | **726** | **260** | 2,603 | 1,928 | 675 |
| Wellington Financial Fund III | **13,110** | **12,476** | **634** | 14,966 | 14,527 | 439 |
| | **97,181** | **85,495** | **11,686** | 183,263 | 101,171 | 82,092 |
| Other investments | **5,684** | **4,772** | **912** | 2,127 | 5,257 | (3,130) |
| | **$ 102,865** | **$ 90,267** | **$ 12,598** | $ 185,390 | $ 106,428 | $ 78,962 |

The cost and fair value of corporate investments do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into hedges against these investments (see note 13(b)). Details of each investment are described below.

**(a) Casino Marina del Sol ("Casino del Sol")**

Casino del Sol is a gaming entertainment complex in Chile, adjacent to the city of Concepción.

During fiscal 2008, Clairvest, through Canadian and Chilean acquisition entities, invested $10.4 million in Casino del Sol. During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, advanced a $0.7 million non-interest bearing loan to Casino del Sol. Also during fiscal 2009, Clairvest sold a portion of its interest in the Canadian acquisition entity to unrelated parties. Clairvest received $0.5 million from the sale, which represented Clairvest's cost.

At March 31, 2009, Clairvest, through Canadian and Chilean acquisition entities, owned 238,200 (2008 – 250,000) common shares of Casino del Sol, representing an 11.9% (2008 – 12.5%) ownership interest on a fully-diluted basis.

**(b) Casino New Brunswick**

Casino New Brunswick is a gaming entertainment complex that is being constructed adjacent to the City of Moncton, in the Province of New Brunswick.

During fiscal 2009, Clairvest committed $8.0 million to build Casino New Brunswick. At March 31, 2009, Clairvest had funded $2.3 million of this commitment in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 8% per annum thereafter. Clairvest also holds units of a limited partnership which holds Casino New Brunswick, entitling Clairvest to 22.2% of the earnings of the casino once it is operating.

**(c) Gateway Casinos Inc. ("Gateway Casinos")**

Gateway Casinos was a gaming management company operating casinos in Western Canada. During fiscal 2008, Gateway Casinos sold substantially all of its assets, as well as shares of a joint venture entity in which it held a 50% interest. Clairvest received loans totaling $50.6 million from Gateway Casinos on the completion of the transaction and a further $2.4 million on the release of certain escrow proceeds during fiscal 2008.

During fiscal 2009, Clairvest received additional loans totaling $3.3 million from Gateway Casinos through the release of escrow proceeds. Also during fiscal 2009, Gateway Casinos declared a dividend, Clairvest's share of which was $0.9 million, which Clairvest used to repay a portion of the loans outstanding from Gateway Casinos.

Also during fiscal 2009, Clairvest received dividends totaling $103.6 million and a return of capital of $1.3 million as part of the final distribution of assets out of Gateway Casinos. Clairvest repaid total loans outstanding of $101.7 million from Gateway Casinos.

As a result of Gateway Casinos distributing all of its assets by way of dividends to its shareholders, Clairvest recorded a realized loss on Gateway Casinos of $98.1 million for the year, $75.3 million of which pertains to the reversal of previously recognized unrealized gains in prior periods. Taking into account the $104.5 million in dividends received by Clairvest during the year, Clairvest was in a net proceeds position of $6.4 million for fiscal 2009.

**(d) Integral Orthopedics Inc. ("Integral Orthopedics")**

Integral Orthopedics manufactured and marketed back-care products worldwide. During fiscal 2009, Clairvest realized on its investment in Integral Orthopedics and recognized a $6.3 million loss during the year, which had been previously recognized as an unrealized loss in fiscal 2008.

At March 31, 2008, Clairvest owned 5,872,132 Class A voting common shares of Integral Orthopedics, representing a 23.6% interest on a fully-diluted basis.

**(e) Kubra Data Transfer Limited ("Kubra")**

Kubra is a business process outsourcing company focused on the distribution of household bills on behalf of its customers.

At March 31, 2009 and 2008, Clairvest owned 2,150,000 Class A voting common shares of Kubra, representing a 9.6% interest on a fully-diluted basis.

**(f) Landauer Metropolitan Inc. ("Landauer")**

Landauer is a supplier of home medical equipment in the tri-state area. At March 31, 2009 and 2008, Clairvest, through a wholly owned subsidiary, owned 1,906,250 10% cumulative convertible preferred shares and 446,858 common shares in Landauer, representing a 13.4% interest on a fully-diluted basis. The preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion.

Subsequent to year end, Clairvest invested an additional $0.5 million for an additional 252,087 common shares of Landauer to support an acquisition made by Landauer.

**(g) Latin Gaming Chile S.A. ("Latin Gaming Chile")**

Latin Gaming Chile is a casino operator in Chile. It is also Clairvest's partner in its investment in Latin Gaming Osorno S.A. (note 6(h)).

During fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, loaned US$8.8 million (C$9.1 million) to Latin Gaming Chile to support the construction of a casino in Calama, Chile. The loans bear interest at 5% per annum. The loans were provided as bridging capital as Clairvest is awaiting regulatory approval to invest in this casino project with Latin Gaming Chile. The loan is repayable upon the closing of the investment or upon determination that Clairvest did not receive the necessary regulatory approval to invest in this casino opportunity with Latin Gaming.

**(h) Latin Gaming Osorno S.A. ("Osorno Casino")**

Osorno Casino is a gaming entertainment complex in Osorno, Chile, which is operated by Latin Gaming Chile.

During fiscal 2008, the Company, through Canadian and Chilean acquisition entities, provided a loan of US$5.0 million (C$5.0 million) to Latin Gaming Chile, bearing interest at 5% per annum. The loan was provided as bridging capital as the Company was awaiting regulatory approval to invest in Osorno Casino. The loan was repayable upon the closing of the investment or upon determination that the Company did not receive the necessary regulatory approval to invest in Osorno Casino.

During fiscal 2009, the Company, through Canadian and Chilean acquisition entities, provided an additional US$3.0 million (C$3.1 million) loan to Latin Gaming Chile under the same terms and conditions, bringing total loans to US$8.0 million (C$8.1 million). Also during fiscal 2009, Clairvest received the necessary regulatory approval to invest in Osorno Casino, and invested US$16.0 million (C$16.4 million) in Osorno Casino through Canadian and Chilean acquisition entities. The US$8.0 million (C$8.1 million) in loans previously advanced to Latin Gaming Chile were repaid in full upon the closing of the investment.

At March 31, 2009, Clairvest, through Canadian and Chilean acquisition entities, owned 64,000 common shares of Osorno Casino, representing a 50% ownership interest on a fully-diluted basis.

**(i) Light Tower Rentals Inc. ("Light Tower Rentals")**

Light Tower Rentals is an oilfield equipment rental company operating in Texas, New Mexico and Colorado. During fiscal 2008, Clairvest acquired 5,841,250 Series A convertible preferred shares in Light Tower Rentals for $5.9 million.

At March 31, 2009 and 2008, Clairvest owned 5,841,250 Series A convertible preferred shares in Light Tower Rentals, which could be converted into a 10.8% (2008 – 11.5%) ownership interest on a fully-diluted basis. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion.

**(j) Lyophilization Services of New England Inc. ("LSNE")**

LSNE is a Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers. During fiscal 2008, Clairvest acquired 5,000,000 Series A 10% cumulative convertible preferred shares in LSNE for $5.1 million.

During fiscal 2009, Clairvest acquired an additional 1,406,000 Series A 10% cumulative convertible preferred shares for $1.4 million. Also during fiscal 2009, management determined that the carrying value of LSNE should be written down by $2.0 million as a result of a decline in LSNE's operating results. The write-down was partially offset by $1.6 million in foreign exchange gain during fiscal 2009.

At March 31, 2009, Clairvest owned 6,406,000 (2008 – 5,000,000) Class A voting common shares of LSNE, which could be converted into a 12.3% (2008 – 10.5%) ownership interest on a fully-diluted basis. The preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion.

**(k) N-Brook Mortgage LP ("N-Brook")**

N-Brook originated, adjudicated and underwrote first-ranking mortgages on owner-occupied, residential real estate in Ontario, British Columbia and Alberta. Clairvest had fully funded its $5.0 million commitment to N-Brook in fiscal 2008. Clairvest's fully-diluted interest in N-Brook at March 31, 2009 and 2008 was 14.7%.

During fiscal 2009, N-Brook management decided to wind down its mortgage portfolio. Also during fiscal 2009, Clairvest determined that the carrying value of N-Brook should be written down by $2.2 million as a result of a downward revision of the expected net realizable value of the investment.

**(l) Shepell•fgi**

Shepell•fgi was a provider of employee assistance programs in Canada and the United States. During fiscal 2009, Shepell•fgi sold substantially all of its assets to an unrelated third party. Clairvest received cash proceeds of $26.1 million at closing, and non-interest bearing promissory notes secured by the acquirer for an additional $15.3 million, payable through to July 2010. $9.7 million of the promissory notes that were due June 2009 were repaid by the acquirer during the year at a slight discount. Further repayment of the remaining $5.6 million of promissory notes is subject to satisfaction of certain items in the purchase documentation, all of which may be received in the form of the acquirer's equity at the option of the acquirer. The remaining promissory notes are carried at a fair value of $5.1 million, which was determined by discounting the face value of the promissory notes at 20% per annum from their maturity dates.

At March 31, 2008, Clairvest owned 5,902,985 limited partnership units of Shepell•fgi, representing a 19.2% interest on a fully-diluted basis.

**(m) Tsuu T'ina Gaming Limited Partnership ("Tsuu T'ina")**

Tsuu T'ina is a charitable casino on Tsuu T'ina First Nation reserve lands, located immediately southwest of the City of Calgary. The Company's investment is in the form of subordinated debt with a 16% coupon, and entitlement to between 2.8% and 9.6% of the earnings of the casino from the date of commencement of operations, December 19, 2007, for a period of 15 years.

At March 31, 2009 and 2008, Clairvest had fully funded its $5.6 million commitment in 16% subordinated debt to Tsuu T'ina.

**(n) Van-Rob Inc. ("Van-Rob")**

Van-Rob is a supplier of metal stampings and welded assemblies to the North American auto sector.

During fiscal 2009, the par value of the Class A special convertible shares of Van-Rob was increased from $1.00 per share to $1.50 per share, increasing the value of Clairvest's 5,000,000 Class A special convertible shares to $7.5 million. Also during fiscal 2009, Clairvest determined that the carrying value of Van-Rob should be written down by $3.7 million as a result of the significant risk surrounding the automotive related industry.

At March 31, 2009 and 2008, Clairvest owned 5,000,000 Class A special convertible shares in Van-Rob, representing a 5.5% (2008 – 5.0%) fully-diluted ownership interest. Each preferred share is convertible into 1.1285 common shares (2008 – one common share) and the conversion is at Clairvest's discretion.

**(o) Wellington Financial Fund II ("Wellington Fund II")**

Wellington Fund II provided debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. Clairvest, as a limited partner, had committed to fund $20.0 million to Wellington Fund II. Clairvest's commitment represents a 24.1% interest in Wellington Fund II.

As a result of the closing of Wellington Financial Fund III (note 6(p)), any unfunded capital commitments to Wellington Fund II were distinguished. Clairvest has funded $13.6 million (2008 – $13.6 million) to Wellington Fund II and has received back capital totaling $12.9 million (2008 – $11.7 million) for a net investment at March 31, 2009 of $0.7 million (2008 – $1.9 million). Clairvest is also entitled to participate in the profits received by the general partner of Wellington Fund II.

**(p) Wellington Financial Fund III ("Wellington Fund III")**

Wellington Fund III, a successor to Wellington Fund II, provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. Clairvest, as a limited partner, committed to fund $25.0 million to Wellington Fund III.

During fiscal 2009, Wellington Fund III increased its fund size from $125.9 million to $150.0 million as a result of the entry of new limited partners. Clairvest's interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling $5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future.

At March 31, 2009, $12.5 million (2008 – $14.5 million) of Clairvest's commitment had been funded. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund III.

## 7. LOANS PAYABLE

At March 31, 2008, loans payable consisted of loans totaling $99.3 million from Gateway Casinos. The loans were non-interest bearing and repayable on demand. The loans were collateralized by Clairvest's ownership in Gateway Casinos.

During fiscal 2009, Clairvest repaid these loans in full (note 6(c)).

## 8. BANKING FACILITY

The Company has a $20.0 million line of credit available, bearing interest at prime plus 0.5% per annum. The prime rate at March 31, 2009 was 2.50% (2008 – 5.25%). The line of credit available at March 31, 2009 was $20.0 million (2008 – $18.2 million) which is based on debt covenants within the banking arrangement. No amounts were drawn during the year.

## 9. INCOME TAXES

Income tax expense for the years ended March 31, 2009 and 2008 consist of the following:

| | | 2009 | | 2009 |
|---|---|---|---|---|
| Current income tax expense | **$** | **5,433** | $ | 6,990 |
| Future income tax recovery relating to origination and reversal of temporary differences | | **(403)** | | (3,136) |
| | **$** | **5,030** | $ | 3,854 |

A reconciliation of the income tax expense based on the statutory rate in Canada and the effective rate is as follows:

| | | 2009 | % | | 2008 | % |
|---|---|---|---|---|---|---|
| Income before income taxes | **$** | **31,118** | | $ | 42,097 | |
| Statutory Canadian income tax rate | | | **33.38** | | | 35.47 |
| Statutory Canadian income taxes | | **10,386** | **33.38** | | 14,930 | 35.47 |
| Non-taxable dividends and distributions received | | **(25,198)** | **(80.98)** | | (87) | (0.21) |
| Non-taxable portion of net investment losses (gains) | | **19,860** | **63.82** | | (12,441) | (29.56) |
| Non-taxable portion of loss on temporary investments | | **330** | **1.06** | | 3 | 0.01 |
| Non-deductible portion of finance expenses | | **1,133** | **3.64** | | 13 | 0.03 |
| Non-deductible portion of other expenses (recovery) | | **(1,099)** | **(3.53)** | | 1,227 | 2.91 |
| Recovery of prior years' taxes | | **42** | **0.13** | | 71 | 0.17 |
| Foreign income tax rate differences | | **(936)** | **(3.01)** | | — | — |
| Other | | **512** | **1.65** | | 138 | 0.33 |
| | **$** | **5,030** | **16.16** | $ | 3,854 | 9.15 |

Future tax assets and liabilities relate to the temporary differences on corporate investments, derivative instruments, and accounts payable and accrued liabilities.

## 10. SHARE CAPITAL

### Authorized

Unlimited number of preference shares issuable in series, with the designation, rights, privileges, restrictions, and conditions to be determined by the Board of Directors prior to the issue of the first shares of a series.

Unlimited number of common shares

10,000,000 non-voting shares

| Issued and outstanding | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | Shares | | Amount | Shares | | Amount |
| **Common shares, beginning of year** | **15,943,566** | **$** | **82,713** | 15,903,566 | $ | 82,166 |
| Issued on exercise of stock options | **10,000** | | **110** | 40,000 | | 547 |
| **Common shares, end of year** | **15,953,566** | **$** | **82,823** | 15,943,566 | $ | 82,713 |

During fiscal 2009, the Company filed a normal course issuer bid enabling it to make market purchases of up to 797,678 (2008 – 797,178) of its common shares in the 12-month period commencing March 6, 2009.

During fiscal 2009 and 2008, the Company made no purchases or cancellations under its normal course issuer bid. In total, 2,544,424 common shares at a cost of $21.9 million have been purchased under this and all previous normal course issuer bids as at March 31, 2009 and 2008. An additional 934,200 common and 2,230,954 non-voting shares have been purchased for cancellation from a financial institution outside of the normal course issuer bid.

15,953,566 (2008 – 15,943,566) common shares were outstanding at March 31, 2009.

The weighted average number of common shares outstanding during fiscal 2009 was 15,946,662 (2008 – 15,934,003). The weighted average number of fully-diluted shares outstanding during fiscal 2009 was 16,386,307 (2008 – 16,333,553).

The difference between the basic and fully-diluted net income per share computations for 2009 and 2008 consists of the following:

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | **Net income ('000s)** | **Number of shares** | **Per share amount** | Net income ('000s) | Number of shares | Per share amount |
| **Basic net income per share** | **$ 26,088** | **15,946,662** | **$ 1.64** | $ 38,243 | 15,934,003 | $ 2.40 |
| Effect of dilutive securities Stock options | | **439,645** | | | 399,550 | |
| **Fully-diluted net income per share** | **$ 26,088** | **16,386,307** | **$ 1.59** | $ 38,243 | 16,333,553 | $ 2.34 |

As at March 31, 2009 and 2008, there were no outstanding stock options that were not included in the calculation of fully-diluted net income per share as they are anti-dilutive.

Under the Company's stock option plan, 1,908,900 (2008 – 1,908,900) common shares of the Company have been reserved for issuance to eligible participants. At March 31, 2009, 1,082,000 (2008 – 1,112,000) options are outstanding under the plan, and an additional 80,500 (2008 – 80,500) are available for future grants. Under the plan, options are exercisable for one common share and the exercise price of the option must equal the market price of the underlying share on the day preceding the grant date.

Options granted vest immediately or over a period not to exceed five years. Once vested, options are exercisable at any time until their expiry ten years after the grant date.

During fiscal 2009, 30,000 (2008 – 560,600) options were exercised, 10,000 (2008 – 40,000) of which were exercised for shares, increasing share capital by $0.1 million (2008 – $0.5 million). The remaining 20,000 (2008 – 520,600) options were exercised under the cash settlement plan and had no impact on share capital.

A summary of the status of the Company's stock option plan as at March 31, 2009 and 2008 and changes during the years then ended is presented below:

| | Number of options | Weighted average exercise price per share |
|---|---|---|
| Options outstanding, March 31, 2007 | 1,481,300 | $ 6.80* |
| Options granted | 200,000 | 12.97* |
| Options exercised | (560,600) | 6.71 |
| Options forfeited | (8,700) | 8.13 |
| Options outstanding, March 31, 2008 | 1,112,000 | 8.27* |
| Options exercised | (30,000) | 7.51 |
| Options outstanding, March 31, 2009 | **1,082,000** | **$ 8.29** |
| Options exercisable, March 31, 2009 | **758,600** | **$ 6.94** |

* Adjusted for special dividend paid in fiscal 2009

The following table summarizes information about stock options outstanding and exercisable at March 31, 2009:

| | Options outstanding | | | Options exercisable | |
|---|---|---|---|---|---|
| Range of exercise prices | Number outstanding | Weighted average remaining contractual life (yrs) | Weighted average exercise price* | Number exercisable | Weighted average exercise price |
| \$3.00 to \$3.99 | 35,000 | 1.2 | \$ 3.75 | 35,000 | \$ 3.75 |
| \$4.00 to \$4.99 | 80,000 | 2.4 | 4.23 | 80,000 | 4.23 |
| \$5.00 to \$5.99 | 185,000 | 2.7 | 5.22 | 185,000 | 5.22 |
| \$6.00 to \$6.99 | 55,000 | 3.3 | 6.12 | 55,000 | 6.12 |
| \$7.00 to \$7.99 | 197,000 | 4.5 | 7.43 | 189,600 | 7.42 |
| \$9.00 to \$9.99 | 330,000 | 6.6 | 9.53 | 174,000 | 9.48 |
| \$12.00 to \$12.99 | 200,000 | 8.3 | 12.97 | 40,000 | 12.97 |
| | 1,082,000 | | | 758,600 | |

*Adjusted for special dividend paid in fiscal 2009

## 11. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

As a result of a cash settlement feature in Clairvest's stock option plan, Clairvest is required to recognize compensation expense based upon the intrinsic value of the outstanding stock options at the consolidated balance sheet dates, and the proportion of their vesting periods that have elapsed. For the year ended March 31, 2009, Clairvest recognized a stock-based compensation recovery of \$2.2 million (2008 – \$5.1 million expense) as a result of a reduction in the trading price of Clairvest common shares. As at March 31, 2009, \$3.1 million (2008 – 5.5 million) has been accrued under the Company's stock option plan.

As at March 31, 2009, a total of 123,636 (2008 – 101,263) DSUs were held by directors of the Company, the accrual in respect of which was \$1.4 million (2008 – \$1.5 million) and has been included in accounts payable and accrued liabilities.

As at March 31, 2009, 105,000 (2008 – 90,000) Appreciation DSUs were held by directors of the Company, the accrual with respect of which was nil (2008 – \$0.1 million).

As at March 31, 2009, a total of 432,000 (2008 – 431,000) BVARs were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was \$1.5 million (2008 – \$0.8 million) and has been included in accounts payable and accrued liabilities.

## 12. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances related to operations is detailed as follows:

| | **2009** | 2008 |
|---|---|---|
| Accounts receivable and other assets | **\$ (1,977)** | \$ (3,108) |
| Income taxes recoverable | **(80)** | 10,803 |
| Accounts payable and accrued liabilities | **(7,592)** | 12,051 |
| Income taxes payable | **(1,459)** | 3,375 |
| | **\$ (11,108)** | \$ 23,121 |

Cash and cash equivalents at March 31, 2009 and 2008 are comprised of the following:

| | **2009** | 2008 |
|---|---|---|
| Cash | **\$ 61,134** | \$ 2,150 |
| Cash equivalents | **51,138** | 55,170 |
| | **\$ 112,272** | \$ 57,320 |

**13. FINANCIAL INSTRUMENTS**

**(a) Fair Value of Financial Instruments**

Cash and cash equivalents have fair values which approximate their carrying values due to their short-term nature.

Receivables, payables, temporary investments and corporate investments are being carried at fair value in accordance with the Company's accounting policy described in note 2.

**(b) Foreign Exchange Forward Contracts**

As at March 31, 2009, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Forward contracts to sell US$36.1 million (2008 – US$20.3 million) at rates of Canadian $0.9917 to $1.2555 per U.S. dollar through March 2010 (average rate of $1.1722; 2008 – average rate of $1.0036). The fair value of these contracts at March 31, 2009 is a loss of $3.2 million (2008 – $0.5 million) and has been recognized on the consolidated balance sheets as derivative instruments. US$7.1 million of these forward contracts are in anticipation of future growth in the value of Clairvest's U.S. denominated investments, as described in note 15.

Forward contracts to sell US$9.3 million (2008 – nil) and buy US$6.2 million (2008 – nil), entered into on behalf of CEP III, at rates of Canadian $1.1991 to $1.2320 per U.S. dollar through April 2009 (average rate of $1.1779). The fair value of these contracts at March 31, 2009 is a loss of $0.3 million. Any amounts paid or received as a result of settlement of these forward contracts will be reimbursed by or paid to CEP III and therefore the net loss has not been recognized. Subsequent to year end, these forward contracts expired and CEP III undertook these contracts under its own facility.

Forward contracts to sell Chilean Unidad de Fomento ("UF") 0.7 million (2008 – UF0.2 million) at rates of Canadian $41.7943 to $43.9144 per UF through January 2010 (average rate of $41.8148; 2008 – average rate of $42.6750). The fair value of these contracts at March 31, 2009 is a loss of $2.3 million (2008 – $0.9 million) and has been recognized on the consolidated balance sheets as derivative instruments.

**14. CONTINGENCIES, COMMITMENTS AND GUARANTEES**

(a) Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is $54.7 million, $4.0 million (2008 – $4.1 million) of which remains outstanding at March 31, 2009. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, a wholly owned subsidiary of Clairvest, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

(b) Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is $75.0 million, $39.8 million (2008 – $47.0 million) of which remains unfunded at March 31, 2009. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, a wholly owned subsidiary of Clairvest, concurrently sells a proportionate number of securities of that corporate investment held by CEP III. Included in the commitment to co-invest with CEP III is an $8.0 million (2008 – nil) commitment to Casino New Brunswick, $2.3 million of which has been funded at March 31, 2009.

(c) Clairvest has committed $25.0 million to Wellington Fund III, $12.5 million (2008 – $14.5 million) of which has been funded at March 31, 2009. As a result of the closing of Wellington Fund III, any unfunded capital commitments to Wellington Fund II were extinguished. At March 31, 2009, net funds invested in Wellington Fund II were $0.7 million (2008 – $1.9 million). At March 31, 2009, Clairvest has received profit distributions totaling $1.4 million (2008 – $1.7 million) through its ownership interest in the General Partner of Wellington Fund II and $1.0 million (2008 – $0.5 million) through its ownership interest in the General Partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions entered into by the General Partners in the event the limited partners of Wellington Fund II and Wellington Fund III do not meet their preferred rate of return as specified in the respective Limited Partnership Agreement.

(d) Clairvest has guaranteed up to $3.0 million of CEP's obligations to a Schedule 1 chartered bank under CEP's foreign exchange forward contracts with the bank.

(e) Clairvest and CEP III entered into a US$13.0 million credit facility agreement with a Schedule 1 chartered bank to enter into foreign exchange forward contracts. Clairvest and CEP III are jointly and severally liable on this credit facility.

(f) Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain of Clairvest's corporate investments would be paid to management as a bonus annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2009, $2.8 million (2008 – $10.5 million) has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of $0.6 million would be owing to management under this Program. As no such income and realizations have occurred and the terms of the Program with respect to these corporate investments have not yet been fulfilled, the $0.6 million (2008 – $0.6 million) has not been accrued at March 31, 2009. The Program does not apply to the income generated from investments made by Clairvest through Clairvest LP.

(g) During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various claims which will reduce over time.

(h) Clairvest, together with CEP, has guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid thereunder are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP, allocated on the same basis as the participation between Clairvest and CEP in the guarantee funding. As at March 31, 2009, no amounts subject to this guarantee have been funded.

(i) The Company, together with CEP III, has guaranteed to fund 50% of any cost overruns in the construction of Casino del Sol, as well as any operating deficiencies upon the opening of the casino for a specified period of time. Amounts paid under the guarantee will be allocated 71.5% to CEP III to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, 4.7% to the unrelated parties that purchased a portion of Clairvest's interest in Casino del Sol, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted on the same basis as the participation between Clairvest, CEP III and the unrelated parties in the guarantee funding.

(j) As part of the holding structure of Casino del Sol, an acquisition entity borrowed $32.1 million from an unrelated financial institution, while another acquisition entity deposited $32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol. As a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 23.8% at March 31, 2009, with CEP III owning 71.5% and the remaining 4.7% owned by unrelated third party investors.

(k) As part of the holding structure of Osorno Casino, an acquisition entity borrowed $13.8 million from an unrelated financial institution, while another acquisition entity deposited $13.8 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Osorno Casino. As a result, the deposit and the loan, and the interest revenue and expense, have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at March 31, 2009.

(l) As part of the holding structure of Latin Gaming Chile, an acquisition entity borrowed $4.9 million from an unrelated financial institution, while another acquisition entity deposited $4.9 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming Chile. As a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at March 31, 2009.

(m) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

## 15. RISK MANAGEMENT

The merchant banking business is about accepting risk for return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and the management thereof are described below.

### Credit Risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the years ended March 31, 2009 and 2008, there were no income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure at March 31, 2009 and 2008, net of any allowances for losses, were as follows:

| | **2009** | 2008 |
|---|---|---|
| Cash and cash equivalents | **$ 112,272** | $ 57,320 |
| Temporary investments | **72,140** | 127,888 |
| Accounts receivable and other assets | **6,719** | 5,079 |
| Loans receivable | **8,549** | 19,475 |
| Corporate investments | **102,865** | 185,390 |
| | **$ 302,545** | $ 395,152 |

The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of investee companies regularly.

The Company is also subject to credit risk on its accounts receivable, the majority of which is with its investee companies. The Company manages this risk through its oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

The Company manages credit risk on cash and cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly. As at March 31, 2009 and 2008, the credit rating on the Company's cash and cash equivalents and temporary investments were as follows:

| | 2009 | 2008 |
|---|---|---|
| **Cash and term deposits** | **$ 61,216** | $ 3,016 |
| **Guaranteed income contracts** | | |
| AA | **15,048** | — |
| **Bonds, treasury bills and fixed income mutual funds** | | |
| AAA | **—** | 21,491 |
| AA | **8,194** | 14,036 |
| AA- | **19,292** | 21,920 |
| A+ | **8,100** | 60,810 |
| A | **10,999** | 20,249 |
| A- | **5,001** | 3,394 |
| **Preferred shares** | | |
| P-1 low | **1,982** | 2,918 |
| P-2 | **421** | 2,658 |
| P-2 low | **—** | 238 |
| P-3 high | **2,003** | — |
| P-3 | **801** | — |
| P-4 | **299** | — |
| **Other fixed income investments** | | |
| R1-High | **841** | 33,009 |
| R1-Mid | **—** | 149 |
| **Other non-rated securities*** | **50,215** | 1,320 |
| **Total cash and cash equivalents and temporary investments** | **$ 184,412** | $ 185,208 |

*Included in other non-rated securities at March 31, 2009 are holdings in a fixed income mutual fund where the average rating of its underlying holdings is R1-High.

### Market Risk

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates.

The Company's corporate investments have minimal exposure to market value risk. As at March 31, 2009, approximately 0.1% of the fair value of the Company's corporate investments was in publicly-traded companies. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple of earnings before interest, income taxes, depreciation and amortization ("EBITDA") used for each individual investment. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's EBITDA and current economic environment. Investments which are valued using the EBITDA multiple approach include Kubra, Landauer, Light Tower Rentals, LSNE, and Van-Rob. If the Company had used an EBITDA multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase or decrease of $5.4 million to the carrying value of corporate investments and net unrealized gains or losses on corporate investments, on a pre-tax basis for the year ended March 31, 2009. EBITDA multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investments portfolio is diversified across 11 companies in 6 industries and 3 countries as at March 31, 2009. Concentration risk by industry and by country is as follows:

| | 2009 | | | | 2008 |
|---|---|---|---|---|---|
| | **Canada** | **United States** | **Chile** | **Fair value** | Fair value |
| Automotive related | **$ 3,750** | **$ —** | **$ —** | **$ 3,750** | $ 5,000 |
| Business services | **5,062** | **5,962** | **—** | **11,024** | 17,941 |
| Financial Services | **17,211** | **—** | **—** | **17,211** | 22,855 |
| Gaming | **9,945** | **—** | **41,862** | **51,807** | 23,773 |
| Health and medical related | **—** | **11,083** | **—** | **11,083** | 8,897 |
| Oil field service | **—** | **7,368** | **—** | **7,368** | 5,996 |
| Other | **90** | **532** | **—** | **622** | 1,588 |
| Holding company | **—** | **—** | **—** | **—** | 99,340 |
| **Total** | **$ 36,058** | **$ 24,945** | **$ 41,862** | **$ 102,865** | $ 185,390 |

Certain industries, particularly the automotive related industry and the financial services industry, may experience significant negative impact to their profitability and liquidity positions given the current economic environment. The Company has considered these economic events and indicators in the valuation of its corporate investments.

The Company held $4.0 million in preferred shares of corporations in its temporary investments portfolio at March 31, 2009. Fluctuations between par value and market price did not exceed 8% during the period the shares were held. The Company also held $1.5 million in preferred shares of split corporations in its temporary investments portfolio at March 31, 2009. Based on the unit price of the split corporations at March 31, 2009, the prices of these preferred shares are not expected to decrease unless the unit price of the portfolio held by these split corporations decreases by 25% or more. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at March 31, 2009, Clairvest hedged 100% of the carrying value of its foreign investments. In addition, the Company has entered into foreign exchange contracts in anticipation of future growth in the value of its U.S. denominated investments. These contracts have notional values totaling US$7.1 million and a fair value of a loss of $0.5 million at March 31, 2009. The Company manages counterparty credit risk on derivative financial instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact to the profitability of these entities and in turn the Company's carrying value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Certain of the Company's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can have a significant impact in the carrying value of these investments.

Fluctuations in market interest rates affect the Company's income derived from cash and cash equivalents, and temporary investments. For financial instruments which yield a floating interest income, the interest received is directly impacted by the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on cash and cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. See note 14 which describes the Company's contingencies, commitments and guarantees.

The Company maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a credit facility with a Schedule 1 Canadian chartered bank.

## 16. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be the amounts it has in cash and cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital invested in CEP and CEP III. At March 31, 2009, Clairvest had cash and cash equivalents and temporary investments of $184.4 million (2008 – $185.2 million), in addition to $102.9 million (2008 – $185.4 million) of corporate investments. Clairvest also had access to $131.2 million (2008 – $153.3 million) of uncalled committed third-party capital for acquisitions through CEP and CEP III at March 31, 2009.

Clairvest's objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity such that funds are available to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing corporate investments;
- Achieve an appropriate risk-adjusted return on capital;
- Build the long-term value of its corporate investments; and
- Have appropriate levels of committed third-party capital available to invest along with Clairvest's capital. The management of third-party capital also provides management fees and/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by earning a carried interest.

At March 31, 2009 and 2008, Clairvest has no external capital requirements, other than as disclosed in note 14.

## 17. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 consolidated financial statements.

## MANAGEMENT'S REPORT

The consolidated financial statements of Clairvest Group Inc. were prepared by management, which is responsible for the integrity and fairness of the financial information presented. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized and that financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. Management believes that existing internal controls are appropriate to meet these objectives.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee. The Audit Committee, comprised of three non-management Directors, meets periodically with management and with external auditors to discuss the scope and results with respect to financial reporting of the Company. The Audit Committee has reviewed the consolidated statements with management and with the independent auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ernst & Young LLP, appointed external auditors by the shareholders, have audited the consolidated financial statements and their report is included herewith.

B. Jeffrey Parr
Co-Chief Executive Officer and Managing Director

Lana Reiken
Chief Financial Officer and Corporate Secretary

## AUDITORS' REPORT

**To the Shareholders of Clairvest Group Inc.**

We have audited the consolidated balance sheets of Clairvest Group Inc. as at March 31, 2008 and 2007 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
June 12, 2008

## CONSOLIDATED BALANCE SHEETS

As at March 31

| $000's | 2008 | 2007 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents (note 13) | **$ 57,320** | $ 13,981 |
| Temporary investments (note 3) | **127,888** | 76,305 |
| Accounts receivable and other assets (note 4(e)) | **6,799** | 3,768 |
| Income taxes recoverable | **—** | 10,803 |
| Loans receivable (notes 4(f) and 4(g)) | **19,475** | 1,824 |
| Future tax asset | **1,678** | — |
| Corporate investments (note 6) | **185,390** | 207,929 |
| | **$ 398,550** | $ 314,610 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (notes 4(e) and 12) | **$ 15,524** | $ 3,473 |
| Income taxes payable | **3,375** | — |
| Loans payable (note 8) | **99,340** | 68,766 |
| Derivative instruments (note 14(b)) | **1,405** | 300 |
| Future tax liability | **2,604** | 4,062 |
| Stock-based compensation (note 12) | **5,523** | 4,426 |
| | **127,771** | 81,027 |
| Contingencies, commitments and guarantees (notes 4, 6, 14 and 16) | | |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (note 11) | **82,713** | 82,166 |
| Retained earnings | **188,066** | 151,417 |
| | **$ 270,779** | $ 233,583 |
| | **$ 398,550** | $ 314,610 |

(see accompanying notes to consolidated financial statements)

On behalf of the Board:

PHILIP S. ORSINO
Director
Clairvest Group Inc.

JOSEPH J. HEFFERNAN
Director
Clairvest Group Inc.

## CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31

| $000's (except per share information) | 2008 | 2007 |
|---|---|---|
| **NET INVESTMENT GAINS** | | |
| Net realized gains (losses) on investments (note 5) | **$ 25,132** | $ (4,849) |
| Net unrealized gains on investments | **25,250** | 23,866 |
| | **50,382** | 19,017 |
| **OTHER INCOME** | | |
| Distributions and interest income (note 4(j)) | **17,908** | 15,149 |
| Dividend income (note 4(j)) | **216** | 5,842 |
| Management fees (note 4(a)) | **1,356** | 1,220 |
| Advisory and other fees (notes 4(a) and 4(j)) | **1,475** | 2,386 |
| | **20,955** | 24,597 |
| **EXPENSES** | | |
| Administration and other expenses | **26,710** | 11,279 |
| Loss on temporary investments | **—** | 10,000 |
| Finance and foreign exchange expense (note 4(j)) | **2,530** | 3,979 |
| | **29,240** | 25,258 |
| Income before income taxes | **42,097** | 18,356 |
| Income tax expense (note 10) | **3,854** | 91 |
| Net income | **$ 38,243** | $ 18,265 |
| Basic net income per share (note 11) | **$ 2.40** | $ 1.14 |
| Fully diluted net income per share (note 11) | **$ 2.34** | $ 1.11 |

(see accompanying notes to consolidated financial statements)

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended March 31

| $000's | 2008 | 2007 |
|---|---|---|
| Retained earnings, beginning of year | **$ 151,417** | $ 146,441 |
| Net income | **38,243** | 18,265 |
| | **189,660** | 164,706 |
| Dividends paid | **(1,594)** | (1,590) |
| Purchase and cancellation of shares (note 11) | **—** | (11,699) |
| Retained earnings, end of year | **$ 188,066** | $ 151,417 |

(see accompanying notes to consolidated financial statements)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31

| $000's | 2008 | 2007 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income for the year | **$ 38,243** | $ 18,265 |
| Add (deduct) items not involving a current cash outlay | | |
| Amortization of fixed assets | **77** | 40 |
| Stock-based compensation expense | **1,097** | 843 |
| Future income tax expense (recovered) | **(3,136)** | 6,216 |
| Net realized losses (gains) on investments | **(25,132)** | 4,849 |
| Net unrealized gains on investments | **(25,250)** | (23,866) |
| Loss on temporary investments | **—** | 10,000 |
| Non-cash items relating to corporate investments | **(1,039)** | (194) |
| | **(15,140)** | 16,153 |
| Net change in non-cash working capital balances related to operations (note 13) | **23,121** | (11,072) |
| Cash provided by operating activities | **7,981** | 5,081 |
| | | |
| **INVESTING ACTIVITIES** | | |
| Acquisition of corporate investments | **(42,361)** | (43,190) |
| Proceeds on sale of corporate investments | **113,380** | 7,115 |
| Return of capital from corporate investments | **3,392** | 11,785 |
| Proceeds on realization of foreign exchange forward contracts | **654** | 65 |
| Net proceeds on sale (acquisition) of temporary investments | **(51,583)** | 15,307 |
| Loans advanced (notes 4(f) and 4(g)) | **(90,555)** | (41,755) |
| Receipt of loans advanced (notes 4(f) and 4(g)) | **72,904** | 40,731 |
| Cash provided by (used in) investing activities | **5,831** | (9,942) |
| | | |
| **FINANCING ACTIVITIES** | | |
| Cancellation of share capital (note 11) | **—** | (569) |
| Issuance of share capital (note 11) | **547** | 540 |
| Issuance of loans | **53,530** | 18,918 |
| Repayment of loans | **(22,956)** | (10,852) |
| Cash dividends paid | **(1,594)** | (1,590) |
| Cash provided by financing activities | **29,527** | 6,447 |
| | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR** | **43,339** | 1,586 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | **13,981** | 12,395 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 13)** | **$ 57,320** | $ 13,981 |
| | | |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | |
| Income taxes paid | **$ 810** | $ 7,976 |
| Interest paid | **$ 2,063** | $ 3,525 |

(see accompanying notes to consolidated financial statements)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008 and 2007 (tabular dollar amounts in thousands)

**1. NATURE OF ACTIVITIES**

Clairvest Group Inc. ("Clairvest" or the "Company") is a Canadian merchant bank publicly traded on the Toronto Stock Exchange. The Company, which operates in only one business segment, actively seeks to form mutually beneficial investments with entrepreneurial corporations. Clairvest contributes financing and strategic expertise to support the growth and development of its investees in order to create realizable value for all shareholders. Clairvest is incorporated under the laws of the Province of Ontario.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries that exist for investing purposes. All significant intercompany amounts and transactions have been eliminated upon consolidation.

**Changes in Accounting Policies**

Effective fiscal 2008, the Company adopted Canadian Institute of Chartered Accountants Handbook ("CICA Handbook") Section 1506, "Accounting Changes," which requires that voluntary changes in accounting policy be made only if the changes result in financial statements that provide more reliable and more relevant information. The adoption of this standard had no impact on Clairvest's consolidated financial statements for the year ended March 31, 2008.

Effective fiscal 2008, the Company also adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement"; Section 1530, "Comprehensive Income"; and Section 3861, "Financial Instruments – Disclosure and Presentation". These sections were adopted retrospectively without restatement of prior periods.

Section 3855 requires financial assets and financial liabilities to be initially recognized at fair value and subsequently accounted for based on their classification as either held-for-trading, available for sale, or held to maturity. In accordance with CICA Accounting Guideline 18, "Investment Companies" ("AcG-18"), which the Company has previously adopted, the Company is required to classify all of its financial assets and liabilities as held-for-trading. These instruments are accounted for at fair value with the change in fair value recognized in income in the period in which they occur. The impact of the adoption of Section 3855 to Clairvest's consolidated financial statements for the year ended March 31, 2008 was not material.

For the year ended March 31, 2008, the Company has no items requiring disclosure under other comprehensive income.

The comparative consolidated financial statements have not been restated for the adoption of these standards.

**Future Accounting Changes**

The CICA has issued the following standards which are applicable to the Company beginning April 1, 2008:

- Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes for managing capital.
- Section 3862, "Financial Instruments – Disclosures", which requires the disclosure of the significance of financial instruments for the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.
- Section 3863, "Financial Instruments – Presentation", which requires the disclosure of the significance of financial instruments to an entity's financial position, performance and cash flows.

Management is in the process of assessing the nature and extent of disclosures that will be required under these new sections.

**Significant Accounting Policies**

The following is a summary of the significant accounting policies of the Company:

**(a) Temporary Investments and Corporate Investments**

In accordance with AcG-18, the Company is required to carry its temporary investments and its corporate investments at fair value. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price ("market price"). Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts at fair value which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles or internal valuation methods, on the basis if the investments were disposed of in an arm's length transaction and in an orderly fashion over a reasonable period of time. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of less than 90 days from the date of acquisition. Cash equivalents consist of money market funds, bankers' acceptances and short-term corporate bonds.

**(c) Foreign Currency Translation**

Income and expenses denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates. Non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses are included in income in the period in which they occur.

**(d) Derivative Financial Instruments**

The Company periodically enters into foreign exchange forward contracts to hedge its exposure to exchange rate fluctuations on its foreign currency denominated investments. Such forward contracts and their underlying investments are valued at exchange rates at each consolidated balance sheet date.

**(e) Income Recognition**

Realized gains or losses on disposition of corporate investments and unrealized gains or losses in the value of corporate investments are reflected in the consolidated statements of income. Management fees and advisory and other fees are recorded as income on an accrual basis when the services are performed. Distributions and interest income are recognized on an accrual basis and dividend income is recognized on the ex-dividend date.

**(f) Future Income Taxes**

The Company records future income tax expense using the asset and liability method. Under this method, future income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective income tax bases, as well as certain carry-forward items. Future income tax assets and liabilities are determined for each temporary difference based on the income tax rates that are expected to be in effect when the asset or liability is settled. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized.

**(g) Stock-based Compensation Plan**

The Company's stock option plan allows a cash settlement of stock options. As a result, compensation expense is recognized and recorded as a liability based on the intrinsic value of the outstanding stock options at the consolidated balance sheet dates and the proportion of their vesting periods that have elapsed. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees is credited to share capital. On the exercise of stock options for cash, the liability recorded is reversed and the balance taken to income.

**(h) Deferred Share Unit Plan**

Directors of the Company may elect to receive all or a portion of their compensation in deferred share units ("DSUs"). On the date directors fees are payable, the number of DSUs to be credited to a participant is determined by dividing the amount of the fees to be received by way of DSUs by the market value of a Clairvest common share on the Toronto Stock Exchange. Upon redemption of DSUs, the Company pays to the participant a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the market value of a Clairvest common share on the Toronto Stock Exchange on the redemption date. A participant may redeem his or her DSUs only following termination of board service.

Under the Company's DSU plan, the fair value of the DSUs is charged to directors compensation expense based on the number of DSUs outstanding at the consolidated balance sheet dates multiplied by the market value of a Clairvest common share on the Toronto Stock Exchange at the consolidated balance sheet dates.

During fiscal 2008, the DSU Plan was amended to facilitate the issuance of Appreciation Deferred Share Units ("Appreciation DSUs") to the directors of the Company. Upon redemption of the Appreciation DSUs, the Company pays to the participant a lump sum cash payment equal to the number of Appreciation DSUs to be redeemed multiplied by the difference between the market value of a Clairvest common share on the Toronto Stock Exchange on the redemption date and the market value of a Clairvest common share on the Toronto Stock Exchange on the grant date. A participant may redeem his or her Appreciation DSUs only following termination of board service. Under the Company's DSU plan, the fair value of the Appreciation DSUs is charged to directors compensation expense based on the number of Appreciation DSUs outstanding at the consolidated balance sheet dates multiplied by the difference between the market value of a Clairvest common share on the Toronto Stock Exchange at the consolidated balance sheet date and the market value of a Clairvest common share on the Toronto Stock Exchange on the grant date.

**(i) Book Value Appreciation Rights Plan**

The Company may elect to issue all or a portion of the individual's stock option grant by way of book value appreciation rights units ("BVARs"). Upon the redemption of BVARs, the Company pays to the participant a lump sum cash payment equal to the number of BVARs to be redeemed multiplied by the increase in book value per share between the grant date and the redemption date. The BVARs vest over a five-year period and the participant may only redeem his or her BVARs at the earlier of (i) five years from the grant date or (ii) cessation of employment with the Company.

As the Company's BVAR plan is a cash settled plan, the fair value of the BVARs is charged to compensation expense and recorded as a liability over the BVAR vesting period based on the book value per share at the consolidated balance sheet date of the prior quarter.

**(j) Net Income Per Share**

Basic net income per share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Fully-diluted net income per share is determined in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding during the year.

**(k) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

**3. TEMPORARY INVESTMENTS**

Temporary investments have maturities greater than 90 days and through to February 2011. Temporary investments consist of corporate notes, debentures and preferred shares. The yield on these investments ranges between 3.2% and 12.0%

(2007 – between 4.2% and 12.0%) with a weighted average rate of pre-tax return of 4.0% (2007 – 4.6%). The composition of Clairvest's temporary investments at March 31 was as follows:

| | 2008 | | | | 2007 |
|---|---|---|---|---|---|
| | No specific maturity | Due in 1 year or less | Due in 1 – 3 years | Fair value | Fair value |
| Bankers' acceptance | **$ —** | **$ 20,924** | **$ —** | **$ 20,924** | $ — |
| Bonds | **—** | **29,436** | **18,520** | **47,956** | 72,921 |
| Preferred shares | **—** | **5,516** | **298** | **5,814** | 1,772 |
| Money market mutual funds | **51,874** | **—** | **—** | **51,874** | — |
| Corporate debentures | **1,320** | **—** | **—** | **1,320** | 1,612 |
| | **$ 53,194** | **$ 55,876** | **$ 18,818** | **$ 127,888** | $ 76,305 |

## 4. RELATED PARTY TRANSACTIONS

(a) Clairvest has entered into a Management Agreement with the General Partner of Clairvest Equity Partners Limited Partnership ("CEP"), appointing Clairvest as the Manager of CEP. The General Partner is a wholly-owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to Clairvest as compensation for its services in the administration of the portfolio of CEP. During fiscal 2007, Clairvest assigned the Management Agreement to another wholly-owned subsidiary of Clairvest ("GP III"). The fee was calculated annually as 2% of committed capital until the fifth anniversary of the last closing of CEP (August 21, 2006), and thereafter at 2% of contributed capital of CEP less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest or GP III from corporate investments of CEP. During fiscal 2008, CEP paid Clairvest net management fees of $1.4 million (2007 – $1.2 million) as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of $0.7 million (2007 – $1.2 million) from corporate investments of CEP were netted against the management fees.

(b) The General Partner of CEP is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. The distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners one of which is a wholly-owned subsidiary of Clairvest, and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP III (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. To date, CEP has not made any distributions to the General Partner.

(c) During fiscal 2007, the Company completed closings totalling $225.0 million of Clairvest Equity Partners III Limited Partnership ("CEP III"), a successor fund to CEP. Clairvest is the ultimate parent company of the two General Partners of CEP III ("GP I" and "GP II"). GP I is entitled to a 2% priority distribution from CEP III. The 2% priority distribution began in August 2006, the month in which CEP III made its first investment. The priority distribution is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP III. During the year, CEP III paid GP I net priority distributions of $4.2 million (2007 – $3.0 million). As per the Limited Partnership Agreement, fees of $0.3 million (2007 – $0.1 million) from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described in note 4(d) below.

(d) GP II, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. The distributions to GP II, and GP I as noted in note 4(c) above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. The distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly-owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and a wholly-owned subsidiary of Clairvest (the "Participation III Investors"). The Participation III Investors purchased, at fair market value, units of the Participation III Partnership during fiscal 2007. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. To date, CEP III has not made any distributions to GP II.

(e) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company, GP III and officers of corporate investments totalling $0.7 million (2007 – $0.5 million). The share purchase loans bear interest fixed at the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of $1.1 million (2007 – $0.7 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totalling $0.7 million (2007 – $0.6 million). The loans to officers of a company affiliated with Clairvest bear interest at the prime rate on the date of drawdown less 1%, and interest is paid quarterly. Loans are repayable upon departure of the officer. Interest of $58,000 (2007 – $28,000) was received during fiscal 2008. Also included in accounts receivable and other assets are receivables from Clairvest's corporate investments totalling $2.7 million (2007 – $2.2 million), from CEP totalling $0.5 million (2007 – nil) and from CEP III totalling $0.3 million (2007 – $0.1 million). Included in accounts payable and accrued liabilities is $0.4 million owing to corporate investments (2007 – $0.5 million).

(f) Loans totalling $21.0 million, bearing interest at the prime rate, were made by the Company to CEP during fiscal 2008, of which $2.0 million (2007 – $1.8 million) was outstanding at March 31, 2008. The loans were repaid in full subsequent to year end. Interest of $84,000 (2007 – $87,000) was earned from CEP during fiscal 2008.

(g) Loans totalling $69.5 million, bearing interest at the prime rate, were made by the Company to CEP III during fiscal 2008, of which $17.5 million (2007 – nil) was outstanding at March 31, 2008. Interest of $360,000 (2007 – $39,000) was earned from CEP III during fiscal 2008. $15.9 million on these loans was repaid subsequent to year end.

(h) Clairvest has guaranteed up to $7.0 million of CEP's obligations to a Schedule 1 Chartered Bank under CEP's foreign exchange forward contracts with the bank.

(i) During fiscal 2008, Clairvest and CEP III entered into a US$13.0 million credit facility agreement with a Schedule 1 Chartered Bank to enter into foreign exchange forward contracts. Clairvest and CEP III are jointly and severally liable on this credit facility.

(j) During fiscal 2008, Clairvest earned $7.4 million (2007 – $7.5 million) in distributions and interest income, nil (2007 – $5.8 million) in dividends and $1.5 million (2007 – $2.3 million) in advisory and other fees from its corporate investments. During fiscal 2008, Clairvest paid $1.3 million (2007 – $1.9 million) in interest to Gateway Casinos Inc. ("Gateway Casinos") on loans made to Clairvest by Gateway Casinos.

## 5. NET REALIZED GAINS (LOSSES) ON INVESTMENTS

Net realized gains (losses) on investments for the years ended March 31, 2008 and 2007 are comprised of the following:

| | **2008** | 2007 |
|---|---|---|
| Net realized gains (losses) on investments during the year (notes 6(a), 6(b), 6(c) and 6(r)) | **$ 53,627** | $ (21,903) |
| Previously recognized net unrealized losses (gains) | **(28,495)** | 17,054 |
| | **$ 25,132** | $ (4,849) |

## 6. CORPORATE INVESTMENTS

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | **Fair value** | **Cost** | **Difference** | Fair value | Cost | Difference |
| **Investments in publicly-traded companies** | | | | | | |
| Datamark Systems Group Inc. | **$ —** | **$ —** | **$ —** | $ 9,762 | $ 14,454 | $ (4,692) |
| Gateway Casinos Income Fund | **—** | **—** | **—** | 47,614 | 32,913 | 14,701 |
| Voxcom Income Fund | **—** | **—** | **—** | 15,644 | 11,187 | 4,457 |
| | **—** | **—** | **—** | 73,020 | 58,554 | 14,466 |
| **Investments in privately-held companies** | | | | | | |
| Casino Marina del Sol | **11,585** | **10,408** | **1,177** | — | — | — |
| Gateway Casinos Inc. | **99,340** | **24,000** | **75,340** | 84,724 | 24,000 | 60,724 |
| Integral Orthopedics Inc. | **—** | **6,322** | **(6,322)** | 5,347 | 5,347 | — |
| Kubra Data Transfer Limited | **3,250** | **2,150** | **1,100** | 3,250 | 2,150 | 1,100 |
| Landauer Metropolitan Inc. | **3,758** | **3,636** | **122** | 3,894 | 3,636 | 258 |
| Latin Gaming Osorno S.A. | **5,186** | **5,044** | **142** | — | — | — |
| Light Tower Rentals Inc. | **5,996** | **5,884** | **112** | — | — | — |
| Lyophilization Services of New England Inc. | **5,140** | **5,060** | **80** | — | — | — |
| N-Brook Mortgage LP | **5,286** | **5,037** | **249** | 3,865 | 3,699 | 166 |
| Shepell-fgi | **14,691** | **6,550** | **8,141** | 7,910 | 6,550 | 1,360 |
| Tsuu T'ina Gaming Limited Partnership | **6,462** | **5,625** | **837** | 2,226 | 2,091 | 135 |
| Van-Rob Inc. | **5,000** | **5,000** | **—** | 5,000 | 5,000 | — |
| Wellington Financial Fund II | **2,603** | **1,928** | **675** | 6,618 | 5,319 | 1,299 |
| Wellington Financial Fund III | **14,966** | **14,527** | **439** | 6,974 | 6,704 | 270 |
| Winters Bros. Waste Systems, Inc. | **—** | **—** | **—** | 5,065 | 4,292 | 773 |
| | **183,263** | **101,171** | **82,092** | 134,873 | 68,788 | 66,085 |
| Other investments | **2,127** | **5,257** | **(3,130)** | 36 | 47 | (11) |
| | **$ 185,390** | **$ 106,428** | **$ 78,962** | $ 207,929 | $ 127,389 | $ 80,540 |

**(a) Gateway Casinos Income Fund ("Gateway Income Fund")**

Gateway Income Fund is a trust which operates casinos in Western Canada. During fiscal 2008, Clairvest sold its interests in Gateway Income Fund for cash proceeds of $66.7 million. Clairvest's total realized gain on this investment was $33.8 million, of which $26.6 million had been recognized in unrealized gains in previous years.

At March 31, 2007, Clairvest owned 2,641,422 units in Gateway Income Fund through wholly-owned subsidiaries of Clairvest, representing an 8.5% interest on a fully-diluted basis.

**(b) Datamark Systems Group Inc. ("Datamark")**

Datamark was a business document management company with operations in Canada and the United States. At March 31, 2007, Clairvest owned 4,691,670 common shares of Datamark, representing a 37.1% interest on a fully-diluted basis.

During fiscal 2008, Clairvest sold its interest in Datamark to Komunik Corporation ("Komunik") for a combination of $6.4 million in cash and 1,546,473 shares of Komunik. The cost assigned to the Komunik shares is the pro-rata portion of the cost on the Datamark shares and is included in other investments. Clairvest recognized a realized loss of $3.4 million, of which $3.1 million had been recognized in unrealized losses in previous years. Over the life of the investment, Clairvest had received tax-free dividends in excess of the cost of the investment such that Clairvest made a positive after tax return on the $14.8 million capital invested.

**(c) Voxcom Income Fund ("Voxcom")**

Voxcom is an Edmonton-based electronic security alarm monitoring company operating throughout Canada.

During fiscal 2008, Clairvest sold its interest in Voxcom for cash proceeds of $21.8 million. Clairvest's total realized gain on this investment was $10.6 million, of which $4.5 million had been recognized in unrealized gains in previous years.

At March 31, 2007, Clairvest owned 1,645,015 units in Voxcom, representing a 20.1% interest on a fully-diluted basis.

**(d) Casino Marina del Sol ("Casino del Sol")**

Casino del Sol is a gaming entertainment complex that is being constructed in Chile, adjacent to the city of Concepción. During the year, Clairvest, through Canadian and Chilean acquisition entities, invested $10.4 million for a 12.5% ownership interest in Casino del Sol. The investment was made in the form of 250,000 common shares.

As part of the holding structure of Casino del Sol, one of the acquisition entities has borrowed $32.1 million from an unrelated financial institution, and another acquisition entity has deposited $32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan and the deposit simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 25% at March 31, 2008, with CEP III owning the remaining 75%.

**(e) Gateway Casinos Inc.**

Gateway Casinos is a gaming management company operating casinos in Western Canada. During fiscal 2008, Gateway Casinos sold substantially all of its assets, as well as shares of a joint venture entity in which it held a 50% interest. Clairvest received loans totalling $50.6 million from Gateway Casinos on the completion of the transaction and a further $2.4 million on the release of certain escrow proceeds. Subject to certain conditions, Clairvest is entitled to receive up to an additional $3.2 million through to December 2008. Subsequent to year end, Clairvest received $1.1 million of the $3.2 million of escrow proceeds, and is entitled to receive a further $2.1 million on the release of certain escrow proceeds.

At March 31, 2008 and 2007, Clairvest owned, through a wholly-owned subsidiary, 28.4% of a limited partnership that owns Gateway Casinos.

**(f) Integral Orthopedics Inc. ("Integral Orthopedics")**

Integral Orthopedics manufactures and markets back care products worldwide. At March 31, 2008, Clairvest owned 5,872,132 (2007 – 5,347,132) Class A voting common shares of Integral Orthopedics, representing a 23.6% (2007 – 23.3%) interest on a fully-diluted basis.

During fiscal 2008, the Company acquired an additional 525,000 Class A voting common shares for $0.5 million and advanced $0.5 million in the form of promissory notes. The promissory notes are non-interest bearing, $0.3 million of which is repayable on April 30, 2008 and the remaining $0.2 million is repayable June 30, 2008.

Also during fiscal 2008, the Company reduced the estimated fair value of its investment in Integral Orthopedics to nil as a result of a significant and rapid deterioration in the performance of Integral Orthopedics.

**(g) Kubra Data Transfer Limited ("Kubra")**

Kubra is a business process outsourcing company focused on the distribution of household bills on behalf of its customers. At March 31, 2008 and 2007, Clairvest owned 2,150,000 Class A voting common shares of Kubra, representing a 9.6% interest on a fully-diluted basis.

**(h) Landauer Metropolitan Inc. ("Landauer")**

Landauer is a supplier of home medical equipment in the New York City area. At March 31, 2008 and 2007, Clairvest, through a wholly-owned subsidiary, owned 1,906,250 10% cumulative convertible preferred shares and 446,858 common shares in Landauer, representing a 13.4% interest on a fully-diluted basis. Each preferred share is convertible into one common share and any dividend is forfeited on conversion.

**(i) Latin Gaming Osorno S.A. ("Latin Gaming")**

Latin Gaming is a gaming entertainment complex that is being constructed in Osorno, Chile. During the year, the Company provided a loan of US$5.0 million to Latin Gaming, bearing interest at 5% per annum. The loan was provided as bridging capital as the Company is awaiting regulatory approval to invest in Latin Gaming. The loan is repayable upon the closing of the investment or upon determination that the Company did not receive the necessary regulatory approval to invest in Latin Gaming.

Subsequent to year end, Clairvest advanced a further US$3.0 million to Latin Gaming under the same terms and conditions.

**(j) Light Tower Rentals Inc. ("Light Tower Rentals")**

Light Tower Rentals is an oilfield equipment rental company operating in Texas, New Mexico and Colorado. During fiscal

2008, Clairvest acquired 5,841,250 Series A convertible preferred shares in Light Tower Rentals for $5.9 million, representing an 11.5% interest on a fully-diluted basis. Each preferred share is convertible into one common share.

**(k) Lyophilization Services of New England Inc. ("LSNE")**

LSNE is a Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers. During fiscal 2008, Clairvest acquired 5,000,000 Series A 10% cumulative convertible preferred shares in LSNE, representing a 10.5% interest on a fully-diluted basis. Each preferred share is convertible into one common share and any dividend is forfeited on conversion.

Subsequent to year end, Clairvest acquired an additional 1,406,000 Series A 10% cumulative convertible preferred shares for $1.4 million, increasing interest on a fully-diluted basis to 12.3%.

**(l) N-Brook Mortgage LP ("N-Brook")**

N-Brook originates, adjudicates and underwrites first-ranking mortgages on owner-occupied, residential real estate in Ontario, British Columbia and Alberta. Clairvest has fully funded its $5.0 million commitment to N-Brook at March 31, 2008. At March 31, 2007, $3.7 million of the $5.0 million commitment had been funded. Clairvest's fully-diluted interest in N-Brook at March 31, 2008 and 2007 was 14.7%.

**(m) Shepell·fgi**

Shepell·fgi is a provider of employee assistance programs in Canada and the United States. At March 31, 2008 and 2007, Clairvest owned 5,902,985 limited partnership units of Shepell·fgi, representing a 19.2% interest on a fully-diluted basis.

**(n) Tsuu T'ina Gaming Limited Partnership ("Tsuu T'ina")**

Tsuu T'ina is a charitable casino on Tsuu T'ina First Nation reserve lands, located immediately southwest of the City of Calgary. The Company's investment is being made in the form of subordinated debt with a 16% coupon, and entitlement to between 3.8% and 12.8% of the earnings of the casino once it is operating for a period of 15 years. Clairvest has fully funded its $5.6 million commitment to March 31, 2008. At March 31, 2007, Clairvest funded $2.1 million of its $5.0 million commitment to Tsuu T'ina.

**(o) Van-Rob Inc. ("Van-Rob")**

Van-Rob is a supplier of metal stampings and welded assemblies to the North American auto sector. At March 31, 2008 and 2007, Clairvest owned 5,000,000 Class A special convertible shares in Van-Rob, representing a 5.0% fully-diluted ownership interest. Each preferred share is convertible into one common share.

**(p) Wellington Financial Fund II ("Wellington Fund II")**

Wellington Fund II provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. Clairvest, as a limited partner, has committed to fund $20.0 million to Wellington Fund II. Clairvest's commitment represents a 24.1% interest in Wellington Fund II.

As a result of the closing of Wellington Fund III (note 6(q)), the unfunded capital commitments to Wellington Fund II can no longer be called. Clairvest has funded $13.6 million (2007 – $13.6 million) to Wellington Fund II and has received return of capital totaling $11.7 million (2007 – $8.3 million) for a net investment at March 31, 2008 of $1.9 million (2007 – $5.3 million). Clairvest is also entitled to participate in the profits received by the general partner of Wellington Fund II.

**(q) Wellington Financial Fund III ("Wellington Fund III")**

Wellington Fund III, a successor to Wellington Fund II, provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. During fiscal 2007, Clairvest, as a limited partner, committed to fund $25.0 million to Wellington Fund III. Clairvest's commitment represents a 19.9% interest in Wellington Fund III.

At March 31, 2008, $14.5 million (2007 – $6.7 million) of Clairvest's commitment had been funded. Clairvest is also entitled to participate in the profits received by the general partner of Wellington Fund III.

**(r) Winters Bros. Waste Systems, Inc. ("Winters Bros.")**

Winters Bros. is a Long Island, New York-based waste management company. During fiscal 2008, Clairvest sold its interest in Winters Bros. for cash proceeds of $16.0 million. Clairvest's total realized gain on this investment was $11.7 million, of which $0.6 million had been recognized in unrealized gains in previous years.

At March 31, 2007, Clairvest owned 39,250 convertible preferred shares in Winters Bros. Clairvest's ownership interest on a fully-diluted basis at March 31, 2007 was 9.0%.

**7. VARIABLE INTEREST ENTITIES**

The CICA Accounting Guideline 15 ("AcG-15") requires Clairvest to identify variable interest entities ("VIEs") in which it has an interest, determine whether it is the primary beneficiary of such entities and, if so, consolidate them. The primary beneficiary is an entity that absorbs the majority of the VIEs expected losses or receives a majority of the VIE's expected residual returns or both.

Clairvest holds interest in several partnerships as a result of its ordinary business operations. Some partnerships are considered VIEs under AcG-15. Clairvest is not the primary beneficiary of these VIEs, and accordingly, accounts for its interests in these entities using fair value in accordance with AcG-18.

**8. LOANS PAYABLE**

Loans payable consist of the following:

(a) $12.6 million (2007 – $12.6 million) 30-year loan from Gateway Casinos. The loan is non-interest bearing and repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.

(b) $15.0 million (2007 – $15.0 million) 30-year loan from Gateway Casinos. During the year, the loan was amended such that the loan is non-interest bearing, repayable on demand, and is collateralized by units held by Clairvest in the limited partnership that owns Gateway Casinos. At March 31, 2007, the loan bore interest rate at 8.05% per annum and was collateralized by the 1,500,650 units held by Clairvest in Gateway Income Fund.

(c) $8.1 million (2007 – $8.1 million) 30-year loan from Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by units held by Clairvest in the limited partnership that owns Gateway Casinos. At March 31, 2007, the loan was collateralized by the 513,278 units held by Clairvest in Gateway Income Fund.

(d) $9.8 million (2007 – $9.8 million) 30-year loan from Gateway Casinos. During the year, the loan was amended such that the loan is non-interest bearing, repayable on demand, and is collateralized by units held by Clairvest in the limited partnership that owns Gateway Casinos. At March 31, 2007, the loan bore interest rate at 8.05% per annum and was collateralized by the 627,294 units held by Clairvest in Gateway Income Fund.

(e) $53.0 million (2007 – nil) loan from Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.

(f) Loans totalling $0.8 million (2007 – $0.3 million) from the limited partnership that owns Gateway Casinos. The loans outstanding are non-interest bearing and repayable on demand.

(g) During the year, Clairvest repaid in full a 10-year promissory note from a financial institution. The amount owing at March 31, 2007 was $23.0 million. The promissory note bore interest at a floating rate. Interest of $0.6 million (2007 – $1.7 million) was paid during the year.

**9. BANKING FACILITY**

The Company has a $20.0 million line of credit available, bearing interest at prime plus 0.5% per annum. The prime rate at March 31, 2008 was 5.25% (2007 – 6.00%). The line of credit available at March 31, 2008 is $18.2 million (2007 – $16.9 million) which is based on debt covenants within the banking arrangement.

## 10. INCOME TAXES

Income tax expense consists of the following:

| | 2008 | 2007 |
|---|---|---|
| Current income tax expense (recovery) | **$ 6,990** | $ (6,125) |
| Future income tax expense (recovery) relating to origination and reversal of temporary differences | **(3,136)** | 6,216 |
| Provision for income taxes | **$ 3,854** | $ 91 |

A reconciliation of the income tax expense based on the statutory rate in Canada and the effective rate is as follows:

| | 2008 | % | 2007 | % |
|---|---|---|---|---|
| Income before income taxes | **$ 42,097** | | $ 18,356 | |
| Statutory Canadian income tax rate | | **35.47** | | 36.12 |
| Statutory Canadian income taxes | **14,930** | **35.47** | 6,630 | 36.12 |
| Non-taxable dividends received | **(87)** | **(0.21)** | (2,304) | (12.55) |
| Non-taxable portion of net investment gains | **(20,858)** | **(49.55)** | (1,579) | (8.60) |
| Taxable portion of unrealized gains (losses) | **(580)** | **(1.38)** | 216 | 1.18 |
| Non-taxable portion of realized gains (losses) | **8,997** | **21.37** | (4,444) | (24.21) |
| Non-taxable portion of loss on temporary investments | **3** | **0.01** | 1,806 | 9.84 |
| Non-deductible portion of finance expense | **13** | **0.03** | 85 | 0.46 |
| Non-deductible portion of other expenses | **1,227** | **2.91** | 398 | 2.17 |
| Recovery of prior years' taxes | **71** | **0.17** | (755) | (4.11) |
| Other | **138** | **0.33** | 38 | 0.20 |
| | **$ 3,854** | **9.15** | $ 91 | 0.50 |

Future tax assets and liabilities relate to the temporary differences on corporate investments, derivative instruments, and accounts payable and accrued liabilities.

## 11. SHARE CAPITAL

### Authorized

Unlimited number of preference shares issuable in series, with the designation, rights, privileges, restrictions, and conditions to be determined by the Board of Directors prior to the issue of the first shares of a series.

Unlimited number of common shares

10,000,000 non-voting shares

| Issued and outstanding | 2008 | | 2007 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Common shares, beginning of year** | **15,903,566** | **$ 82,166** | 16,841,966 | $ 86,696 |
| Purchased and cancelled under normal course issuer bid | **—** | **—** | (54,200) | (278) |
| Purchased and cancelled outside of normal course issuer bid | **—** | **—** | (934,200) | (4,792) |
| Issued on exercise of stock options | **40,000** | **547** | 50,000 | 540 |
| **Common shares, end of year** | **15,943,566** | **$ 82,713** | 15,903,566 | $ 82,166 |

During fiscal 2008, the Company filed a normal course issuer bid enabling it to make market purchases of up to 797,178 (2007 – 795,178) of its common shares in the 12-month period commencing March 6, 2008.

During fiscal 2008, the Company made no purchases or cancellations under its normal course issuer bid. During fiscal 2007, the Company purchased and cancelled 54,200 of its common shares at a total purchase cost of $0.6 million.

The excess of the purchase cost of these shares over the average paid-in amount was $0.3 million, which was charged to retained earnings. In total, 2,544,424 common shares at a cost of $21.9 million have been purchased under this and all previous normal course issuer bids as at March 31, 2008 and 2007.

Also during fiscal 2007, the Company purchased and cancelled 934,200 of its common shares and 2,230,954 of its non-voting shares in a transaction outside of the Company's normal course issuer bid. The Ontario Securities Commission granted an exemption requested by the Company from the issuer bid requirements of the Securities Act in connection with the purchase of these shares. The $33.0 million purchase price was satisfied by an unsecured promissory note, which was repaid in full during fiscal 2008. Share capital decreased by $21.6 million and retained earnings decreased by $11.4 million as a result of this transaction.

15,943,566 (2007 – 15,903,566) common shares were outstanding at March 31, 2008.

The weighted average number of common and non-voting shares outstanding during fiscal 2007 2008 was 15,934,003 (2007 – 15,951,471) and nil (2007 – 110,020) respectively, for a total of 15,934,003 (2007 – 16,061,491). The weighted average number of fully-diluted shares outstanding during fiscal 2008 was 16,333,553 (2007 – 16,477,593).

The difference between the basic and fully-diluted net income per share computations for 2008 and 2007 consists of the following:

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | **Net income** | **Number of shares** | **Per share amount** | Net income | Number of shares | Per share amount |
| **Basic net income per share** | **$ 38,243** | **15,934,003** | **$ 2.40** | $ 18,265 | 16,061,491 | $ 1.14 |
| Effect of dilutive securities – stock options | | **399,550** | | | 416,102 | |
| **Fully-diluted net income per share** | **$ 38,243** | **16,333,553** | **$ 2.34** | $ 18,265 | 16,477,593 | $ 1.11 |

As at March 31, 2008, there were no (2007 – 120,000) outstanding stock options that were not included in the calculation of fully-diluted net income per share as they are anti-dilutive.

Under the Company's stock option plan, 1,908,900 (2007 – 1,908,900) common shares of the Company have been reserved for issuance to eligible participants. Under the plan, options are exercisable for one common share and the exercise price of the option must equal the market price of the underlying share on the day preceding the grant date.

Options granted vest immediately or over a period not to exceed five years. Once vested, options are exercisable at any time until their expiry ten years after the grant date.

During fiscal 2008, 560,600 (2007 – 155,800) options were exercised, 40,000 (2007 – 50,000) of which were exercised for shares, increasing share capital by $0.5 million (2007 – $0.5 million). The remaining 520,600 (2007 – 105,800) options were exercised under the cash settlement plan and had no impact on share capital.

A summary of the status of the Company's stock option plan as at March 31, 2008 and 2007 and changes during the years ended on those dates is presented below:

| | Number of options | Weighted average exercise price per share |
|---|---|---|
| Options outstanding, March 31, 2006 | 1,522,000 | $ 7.20 |
| Options granted | 120,000 | 10.51 |
| Options exercised | (155,800) | 7.51 |
| Options forfeited | (4,900) | 8.22 |
| Options outstanding, March 31, 2007 | 1,481,300 | 7.43 |
| Options granted | 200,000 | 13.60 |
| Options exercised | (560,600) | 6.71 |
| Options forfeited | (8,700) | 8.13 |
| Options outstanding, March 31, 2008 | **1,112,000** | **$ 8.90** |
| Options exercisable, March 31, 2008 | **643,200** | **$ 7.05** |

The following table summarizes information about stock options outstanding and exercisable at March 31, 2008:

| | Options outstanding | | | Options exercisable | |
|---|---|---|---|---|---|
| Range of exercise prices | Number outstanding | Weighted average remaining contractual life (yrs) | Weighted average exercise price | Number exercisable | Weighted average exercise price |
| $4.00 to $4.99 | 115,000 | 3.1 | $ 4.71 | 115,000 | $ 4.71 |
| $5.00 to $5.99 | 185,000 | 3.7 | 5.85 | 185,000 | 5.85 |
| $6.00 to $6.99 | 55,000 | 4.3 | 6.75 | 55,000 | 6.75 |
| $7.00 to $7.99 | 130,000 | 4.9 | 7.83 | 106,000 | 7.82 |
| $8.00 to $8.99 | 97,000 | 4.7 | 8.38 | 74,200 | 8.41 |
| $9.00 to $9.99 | 210,000 | 7.2 | 9.95 | 84,000 | 9.95 |
| $10.00 to $10.99 | 120,000 | 8.2 | 10.51 | 24,000 | 10.51 |
| $13.00 to $13.99 | 200,000 | 9.3 | 13.60 | — | — |
| | 1,112,000 | | | 643,200 | |

## 12. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

As a result of a cash settlement feature in Clairvest's stock option plan, Clairvest is required to recognize compensation expense based upon the intrinsic value of the outstanding stock options at the consolidated balance sheet dates, and the proportion of their vesting periods that have elapsed. For the year ended March 31, 2008, Clairvest recognized stock-based compensation expense of $5.1 million (2007 – $1.3 million).

As at March 31, 2008, a total of 101,263 (2007 – 74,736) DSUs were held by directors of the Company, the accrual in respect of which was $1.5 million (2007 – $0.8 million) and has been included in accounts payable and accrued liabilities.

During the fiscal 2008, the Deferred Share Unit Plan was amended to facilitate the issuance of Appreciation Deferred Share Units ("Appreciation DSUs") to the directors of the Company. As at March 31, 2008, 90,000 Appreciation DSUs were held by directors of the Company, the accrual in respect of which was $0.1 million and has been included in accounts payable and accrued liabilities.

As at March 31, 2008, a total of 431,000 (2007 – 443,250) BVARs were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was $0.8 million (2007 – $0.4 million) and has been included in accounts payable and accrued liabilities.

## 13. CONSOLIDATED STATEMENTS OF CASH FLOWS

Net change in non-cash working capital balances related to operations is detailed as follows:

| | **2008** | 2007 |
|---|---|---|
| Accounts receivable and other assets | **$ (3,108)** | $ 1,203 |
| Income taxes recoverable | **10,803** | (10,803) |
| Accounts payable and accrued liabilities | **12,051** | (3,697) |
| Income taxes payable | **3,375** | 2,225 |
| | **$ 23,121** | $ (11,072) |

Cash and cash equivalents at March 31, 2008 and 2007 are comprised of the following:

| | **2008** | 2007 |
|---|---|---|
| Cash | **$ 2,150** | $ 3,640 |
| Cash equivalents | **55,170** | 10,341 |
| | **$ 57,320** | $ 13,981 |

## 14. FINANCIAL INSTRUMENTS

### (a) Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable and other assets and accounts payable and accrued liabilities have fair values which approximate their carrying values due to their short-term nature.

Temporary investments and corporate investments are being carried at fair value in accordance with the Company's accounting policy described in note 2.

### (b) Foreign Exchange Forward Contracts

As at March 31, 2008, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Forward contracts to sell US$20.3 million (2007 – US$7.2 million) at rates of C$0.9925 to C$1.0176 per U.S. dollar through March 2009 (average rate of C$1.0036; 2007 – average rate of C$1.1129). The fair value of these contracts at March 31, 2008 is a loss of $0.5 million (2007 – loss of $0.3 million) and has been recognized on the consolidated balance sheets as derivative instruments.

Forward contracts to sell CLF 0.2 million (2007 – nil) at rates of C$42.6750 per Chilean Unidad de Fomento ("UF") through January 2009. The fair value of these contracts at March 31, 2008 is a loss of $0.9 million (2007 – nil) and has been recognized on the consolidated balance sheets as derivative instruments.

## 15. RISK MANAGEMENT

The merchant banking business is about accepting risk for return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and their management are described below.

### Credit Risk, Market Risk and Liquidity Risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. Market risk includes exposure to fluctuations in interest rates, currency rates and the fair value of the Company's investments. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due.

The Company manages credit and market risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and active involvement with existing investments and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of investees periodically.

The Company has minimal exposure to the financial markets, as approximately 0.3% of the fair value of the Company's investments at March 31, 2008, was in publicly-traded companies. The Company is a value investor and focuses on the intrinsic value related to the specific company's outlook and therefore acts independently of the overall valuation by the market. The entry multiples for its public holdings have generally been less than other public companies in the same industries and therefore the cost of these holdings have a value cushion in the event of any general market value fluctuations.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, Clairvest hedges 100% of the carrying value of its foreign investments. The Company manages credit risk on derivative financial instruments and cash and cash equivalents by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

Fluctuations in interest rates affect the Company's income derived from cash, cash equivalents, and temporary investments. The Company manages interest rate risk and credit risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income investment policies that are approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of temporary investments periodically.

Clairvest believes its liquidity risk is minimal given its financial position.

**Business Risk**

The Company faces a broad range of business risks including internal control risks and various forms of litigation. The Company, its Audit Committee and its Board of Directors monitor risks on an ongoing basis.

**16. CONTINGENCIES, COMMITMENTS AND GUARANTEES**

(a) Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is $54.7 million, $4.1 million (2007 – $9.9 million) of which remains outstanding at March 31, 2008. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it, as manager of CEP, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

(b) Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is $75.0 million, $47.0 million (2007 – $71.8 million) of which remains unfunded at March 31, 2008. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it, as manager of CEP III, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

(c) Clairvest has committed $25.0 million to Wellington Fund III, $14.5 million (2007 – $6.7 million) of which has been funded at March 31, 2008. Subsequent to year end, an additional $2.2 million has been funded, reducing the unfunded capital commitment to $8.3 million. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II can no longer be called. At March 31, 2008, net funds invested in Wellington Fund II was $1.9 million (2007 – $5.3 million). At March 31, 2008, Clairvest has received profit distributions totalling $1.7 million (2007 – $1.0 million) through its ownership interest in the general partner of Wellington Fund II and $0.5 million (2007 – nil) through its ownership interest in the general partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions entered into by the General Partners in the event the limited partners of Wellington Fund II and Wellington Fund III do not meet their preferred rate of return as specified in the respective Limited Partnership Agreement.

(d) Clairvest has guaranteed up to $7.0 million of CEP's obligations to a Schedule 1 Chartered Bank under CEP's foreign exchange forward contracts with the bank.

(e) During fiscal 2008, Clairvest and CEP III entered into a US$13.0 million credit facility agreement with a Schedule 1 Chartered Bank to enter into foreign exchange forward contracts. Clairvest and CEP III are jointly and severally liable on this credit facility.

(f) Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management as a bonus annually as applicable. Amounts are accrued under this plan to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2008, $10.5 million (2007 – nil) has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of $0.6 million would be owing to management under this Program. As no such income and realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the $0.6 million (2007 – $5.3 million) has not been accrued at March 31, 2008.

(g) During fiscal 2006, Clairvest, together with CEP and Shepell·fgi management, purchased Shepell·fgi. As part of the transaction, Clairvest guaranteed a $4.6 million note payable by Shepell·fgi to the vendors, as well as interest payable on the note. The note is subject to claims Clairvest and CEP may have with respect to representations and warranties. Any amounts paid under the guarantee will result in additional equity ownership being granted to Clairvest and CEP, allocated 25% to Clairvest and 75% to CEP. CEP will reimburse Clairvest for 75% of any amounts paid under the guarantee. The guarantee expires on January 9, 2009. At March 31, 2008, the guarantee was $1.8 million (2007 – $3.1 million).

(h) During fiscal 2006, Clairvest and Clairvest Group International (Netherlands) B.V. ("B.V.") sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and Equity SPV Pty Limited ("SPV") as part of a sale of 100% of Signature and SPV. As part of the transaction, B.V. has indemnified the purchaser for various claims which will reduce over time. Subject to a number of conditions, at March 31, 2008, Clairvest and B.V. were entitled to receive up to an additional

AUD$0.8 million being held in escrow. Subsequent to year end, the remaining escrow proceeds were released and Clairvest received AUD$0.8 million (CDN$0.8 million).

(i) During fiscal 2007, Clairvest, together with CEP committed to invest in the development of the Tsuu T'ina charitable casino. Clairvest, together with CEP, has guaranteed to fund any cost overruns during the construction of the casino, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid thereunder are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional debenture being granted to Clairvest and CEP, allocated on the same basis as the participation between Clairvest and CEP in the guarantee funding. As at March 31, 2008, no amounts subject to this guarantee have been funded by the bank.

(j) The Company, together with CEP III, has guaranteed to fund 50% of any cost overruns during the construction of Casino del Sol, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP in the guarantee funding.

(k) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

**17. SUBSEQUENT EVENTS**

Subsequent to year end, Shepell·fgi sold substantially all of its assets to an unrelated third party. Clairvest received gross sale proceeds of $26.1 million at closing, and promissory notes secured by the acquirer for an additional $15.3 million, payable through July 2010. The payment of the promissory notes is subject to satisfaction of certain items in the purchase documentation, and up to $8.2 million of the promissory notes may be received in the form of the acquirer's equity interest at the option of the acquirer.

**18. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS**

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 consolidated financial statements.

# INSERT

# TAB

*Hard Rock*

**<u>HARD ROCK FINANCIAL STATEMENTS</u>**

**ENTIRE SECTION CONTAINING FINANCIAL REPORTS**

**REDACTED (213 PAGES)**

# INSERT

# TAB

Experience of Vendor’s Organization

**Section 4.3 – Experience of the Vendor's Organization:**

The Vendor is composed of the following investors:

**Investors:**

A. **SL Green Realty Corp (Equity Investor and Developer)**

- SL Green is a fully integrated and self-managed real estate investment trust and is the largest owner of commercial properties in New York, owning over 30 million square feet. The company's stock is publicly traded on the New York Stock Exchange (NYSE) under the symbol "SLG". The named executive officers of SL Green include Marc Holliday (CEO), Andrew Mathias (President), Gregory Hughes (CFO), Andrew Levine (CLO) and Steven Green (Chairman).

- The majority of the investors of SL Green are institutional investors, with Fidelity Management & Research, Cohen & Steers Capital Management, Inc., Vanguard Group, Inc., Barclays Global Investors, N.A. and T. Rowe Price Associates, Inc. See Exhibit 4.3A for further information relating to SL Green's Redevelopment Experience, References and Quality Assurance program.

B. **Hard Rock International, LLC (Equity Investor, Gaming Operator and Brand)**

- With a total of 153 venues in 52 countries, including 127 cafes and 10 Hotels/Casinos, Hard Rock International is one of the world's most globally recognized brands. Hard Rock is a subsidiary of the highest rated US based operating company in the gaming industry with an investment grade rating by Moody's, S&P and Fitch.

- See Exhibit 4.3B for further information relating to an overview on Hard Rock, its Management Experience, References, Resumes and Quality Assurance program.

C. **Clairvest Group Inc. (Equity Investor with Significant Gaming Experience)**

- Founded in 1987, Clairvest is a Toronto-based private equity investment firm with over C$750 million of equity capital under management. Clairvest invests in successful mid-market companies, principally in North America, across a wide array of industries. As of June 2010, Clairvest Group Inc. and its related entities have been involved in over 18 local market casinos spread across seven different casino investments and five jurisdictions.

- See Exhibit 4.3C for further information relating to Clairvest's Gaming Experience and Resumes.

D. **Jeffrey R. Gural (Strategic Investor)**

- Jeffrey Gural is the Chairman of New York based Newmark Knight Frank and American Racing Entertainment LLC. He is also the owner of Tioga Downs and Vernon Down in Upstate New York and has extensive experience developing and operating VLT Facilities in New York State.

E. **Daniel R. Tishman (Strategic Investor)**

- Daniel Tishman is the Chairman and CEO of Tishman Construction Corporation which is a New York based company and is the world's leading gaming construction company. He is also the Chairman of the Board of Natural Resources Defense Council which is a leading global environmental advocacy organization.

In addition, Vendor has assembled a team of additional strategic consultants:

F. **Tishman Construction Corp (General Contractor)**

- Tishman Construction is a privately held Construction Manager, Owner's Representative and Project Manager. Founded in 1898, Tishman is responsible for the construction of more than 450 million square feet of space incorporating facilities of every size and type: office, hotel, entertainment, residential, retail, medical, educational, transportation, recreational, and institutional. Tishman is headquartered in New York City and has regional offices in Newark and Atlantic City, NJ, Boston, MA, Philadelphia, PA, Washington, DC, Chicago, IL, Las Vegas, NV, Los Angeles, CA and Abu Dhabi, UAE. Daniel R. Tishman is our Chairman & Chief Executive Officer.

- See Exhibit 4.3F for further information relating to an overview on Tishman, its Construction Experience, References, Resumes and Quality Assurance program.

G. **SOSH Architects (Interior/Gaming Layout Architect)**

- See Exhibit 4.3G for an overview on SOSH Architects.

H. **EE&K Architects (Master Plan Architect)**

- See Exhibit 4.3H for an overview on SOSH Architects.

I. **Gardiner & Theobald (Project and Cost Management Consultants)**

- See Exhibit 4.3I for an overview on Gardiner & Theobald

J. **Caribbean Cage LLC - Robert L. Johnson (Strategic Investor)**

- Robert Johnson was founder of Black Entertainment Television (BET), which was the first African American-owned company publicly traded on the NYSE. Mr. Johnson co-founded Caribbean CAGE LLC in 2004, which is a gaming company focused primarily on video lottery games and terminals, linked gaming systems and gaming content throughout the Caribbean and Latin American

# INSERT

# TAB

*SL Green*

# CORPORATE PROFILE

SL Green Realty Corp., or the Company, is New York City's largest commercial office landlord and is the only fully integrated, self-managed, self-administered Real Estate Investment Trust, or REIT, primarily focused on owning and operating office buildings in Manhattan.

The Company was formed on August 20, 1997 to continue the commercial real estate business of S.L. Green Properties Inc., a company that was founded in 1980 by Stephen L. Green, our current Chairman. For more than 25 years SL Green has been engaged in the business of owning, managing, leasing, acquiring and repositioning office properties in Manhattan. The Company's investment focus is to create value through strategically acquiring, redeveloping and repositioning office properties primarily located in Manhattan, and re-leasing and managing these properties for maximum cash flow.

In 2007, SL Green acquired Reckson Associates Realty Corp. and added over 9 million square feet to its portfolio. Included in this total is over 3 million square feet of Class A office space located in Westchester, New York and Stamford, Connecticut. These suburban portfolios serve as natural extensions of SL Green's core ownership in the Grand Central submarket of Midtown Manhattan. The Company has since made selective additions and dispositions to the holdings in these areas.

Looking forward, SL Green will continue its opportunistic investment philosophy through three established business lines: investment in long-term core properties, investment in opportunistic assets, and structured finance investments. This three-legged investment strategy allows SL Green to balance the components of its portfolio to take advantage of each stage in the business cycle.

## Ground – Up Construction

### 1551 Broadway


1551 Broadway, a major ground up development, was a core and shell 60,000 square-foot building consisting of three-stories that is leased to national retailer American Eagle Outfitters for their New York City flagship store. The $30-million turnkey development involved a complete repositioning of the site, which included demolition of the former Howard Johnson's restaurant building in the heart of Times Square. The property boasts 19-foot ceiling heights, topped with a soaring 250 foot-high tower containing over 15,000 square feet of state-of-the-art LED signage. It is the second largest sign of its kind in Times Square.

- $30MM full ground up development
- 3 - Story, 26,000 SF
- 250 ft signage tower
- 12 LED sign panels, totaling 15,187 sf
- American Eagle's flagship location

---

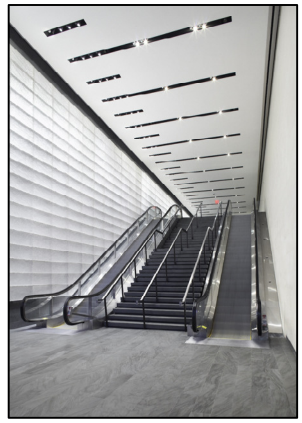
### 29 West 34th Street

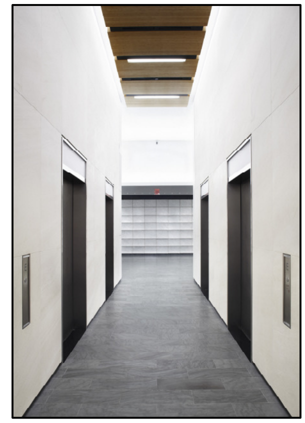

SL Green signed leases with footwear retailers ALDO and GEOX, then preceded to construct a three-story 18,000-square-foot core and shell building at 29 West 34th Street. The $14.2-million development consisted of a concrete foundation on mini caissons, a steel frame super structure, and a masonry and glass curtainwall building envelope. The metal and glass curtain wall is a major design focal point, a grand departure from the typical pre-war stock of buildings that line the block between Fifth and Sixth Avenues.

- $14.2MM full ground up development
- 3 - Story, 18,000 SF
- Metal & Glass curtain wall
- Steel frame super structure
- Premier footware retailers (GEOX & Aldo)

# Redevelopment Properties

## 1515 Broadway



- $40MM redevelopment - Completed in 2010
- Viacom Corporate headquarters & MTV studios
- Full-gut renovation of Lobby with 100% tenant occupancy
- New stainless steel and glass entrances
- Elevator, HVAC, Sprinkler & Fire Alarm Upgrades
- New Security & CCTV system
- Custom designed glass feature wall
- Installation of energy efficient window film and restoration of existing façade

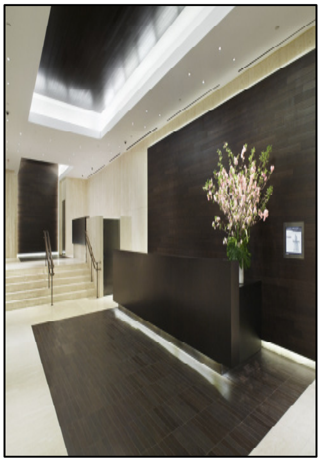
---

## 521 Fifth Avenue


- $25MM redevelopment - Completed 2008
- Two story retail glass storefront
- Full gut renovation of lobby with 90% occupancy
- Extensive infrastructure upgrades including HVAC, Sprinkler and HVAC
- Extensive façade restoration, window replacement & roof replacement projects
- New stone clad elevator cabs, upgraded security systems, new corridors and restrooms and new windows.

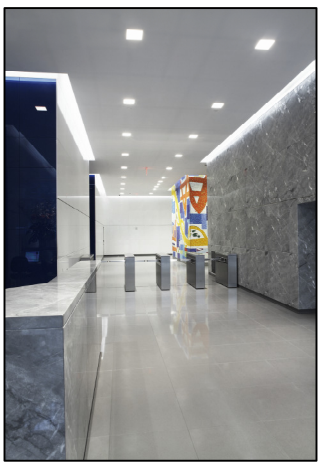
## Redevelopment Properties

### 810 Seventh Avenue



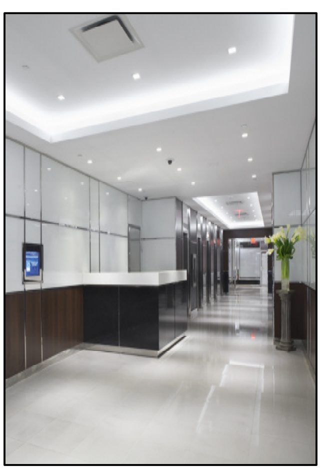
- $20MM redevelopment – Completed in 2010
- Lobby gut renovation with 90% occupancy
- New security & CCTV system
- New elevator cabs
- Design & construction of new high end multi tenant corridors & restrooms
- Extensive prebuilt program
- Extensive façade restoration and roof replacement
- Electric service upgrade

### 711 Third Avenue

- $10MM Redevelopment – completed in 2008
- Lobby gut renovation with 90% occupancy
- New security and CCTV system
- New sprinkler system
- Restoration of Hans Hoffman mosaic
- Elevator equipment & cab modernization
- Design, development, & construction on multi - tenant corridors and restrooms
- Extensive façade restoration program

### 16 Court Street, Brooklyn



- $15MM Renovation – completed in 2009
- Lobby gut renovation with 90% occupancy
- New elevator equipment and elevator cabs
- Major infrastructure upgrades including: HVAC, electric, & sprinkler system
- Extensive façade restoration & window replacement
- Design & construction on multi - tenant corridors and restrooms
- Roof replacement

SL GREEN REALTY CORP.

## Redevelopment Properties



100 Park Avenue was a beacon for Post-War New York City in 1949, as construction wrapped up on the 36-story, 887,489-square-foot office tower. It was the City's first large commercial building to rise after the war, and ushered in not only a period of optimism and prosperity, but signaled that Park Avenue south of 42nd Street was a viable office market.

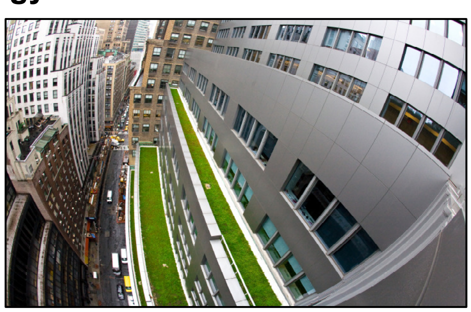
One half century and $70 million in capital improvements later, SL Green has transformed 100 Park Avenue into a state-of-the-art corporate headquarters location, that will exceed the expectations of tomorrow's discerning tenants, including the coveted LEED Silver and Energy Star certifications.

The façade is a new reflective glass and aluminum curtainwall that mirrors the sky and is crowned with a signature "100" on a new, geometrically striking, crown. Marble and granite in shades of sage and darker green create a soothing palette for the lobby floor and security desk, while the entire lobby has been dramatically heightened and is framed by double-height aluminum columns. Back-painted, fritted glass in a shadowbox motif completes the look and enhances the sense of light, air and space.

Elevator corridors and cabs carry through this theme, while providing smooth, comfortable rides with all new micro-processing controls and gearless traction systems. All 2,000 dated and deteriorating windows have been replaced with insulated windows and aluminum mullions to match the façade. Chillers and other equipment have been replaced with high-performance, energy-conserving equipment.  100 Park is also the first building of its type to install green roofs, a total of 14 in all-which employ a low-maintenance/water consumption Xeroflor mat system.

Sleek stainless steel optical turnstiles provide building access, with all traffic now circulating through the expanded Lobby. The turnstiles are part of a major security upgrade including CCTV to provide a 24/7 work environment that is safe and secure.

**2007 BOMA Award for NYC's Renovated Building of the Year**
**2008 BOMA Middle Atlantic Regional Renovated Building of the Year**
**2009 BOMA International Renovated Building of the year**
**LEED Silver  & Energy Star Certified**


# SL GREEN REFERENCES

REDACTED

## SL Green References

1. **Jeff Sutton**
   **President**
   **Wharton Properties**
   *500 Fifth Avenue*
   *New York, New York 10110*
   *Business Phone No: 212-573-9001*
   *Email Address: js@jeffsutton.com*

   Ground-up development at 1551 Broadway ($30MM) and 29 West 34th Street ($14.2MM) completed in 2009

2. **William Anderson**
   **Principal**
   **Prudential Financial**
   *8 Campus Drive*
   *Parsippany, New Jersey 07054*
   *Business Phone No: 973-683-1614*
   *Email Address: William.h.anderson@prudential.com*

   Redevelopment of 100 Park Avenue, $70MM, completed in 2008

3. **Denis Perreault**
   **VP of Asset Management**
   **SITQ**
   *Centre CDP Canada*
   *1001, Square Victoria*
   *Montreal, Quebec H2Z 2B1*
   *Canada*
   *Business Phone No: 514-673-1207*
   *Email Address: denis.perreault@sitq.com*

   Redevelopment of 1515 Broadway, $40MM, completed in 2010

4. **Louis Cappelli**
   **Chairman**
   **Cappelli Enterprises**
   *115 Stevens Avenue*
   *Valhalla, NY 10595*
   *Business Phone No: (914) 747-1708*
   *Email Address: Louis@cappelli-inc.com*

# SL Green Realty Corp. Quality Assurance

## Overview

As part of SL Green's ongoing commitment to providing exemplary levels of service to its tenants, Property Management has an instituted Quality Assurance Review (QAR) program, which utilizes best in-class industry professionals, engineers, and consultants to evaluate each property within the SL Green portfolio and provide recommendations to further enhance the overall value of our services, property, and organization.

Quality Assurance Reviews are performed on an annual basis, and are conducted randomly throughout the portfolio to ensure accurate testing baselines during 3rd party assessments. By leveraging additional expertise outside of SL Green, we can identify areas for further improvement implement procedural modifications, if necessary.

Additionally, SL Green tracks the end-results of service-driven performance and QAR initiative through Kingsley Associates Tenant Surveys. Kingsley Surveys are distributed to tenants throughout SL Green's portfolio, encompassing over twenty-two million square feet of commercial office space, to measure and index tenant satisfaction. Recommendations from tenants are processed, and subsequently instituted to optimize service delivery and increase retention and occupancy rates across the portfolio.

As a self-administered and self-managed real estate investment trust (REIT), SL Green complies with all industry standards including those set by the Building Owners and Managers Association (BOMA), Real Estate Board of New York (REBNY), and Realty Advisory Board (RAB).

## Kingsley

On an annual basis, SL Green employs Kingsley Associates to benchmark the Company's performance on a number of categories including overall tenant satisfaction. This methodology has enabled SL Green to successfully outperform its competitors in the following areas:

- Driving loyalty and retention among tenants and residents
- Building strategic relationships within the brokerage community
- Maximizing client and investor satisfaction
- Increasing employee engagement and productivity
- Improving operational efficiency

SL Green consistently outperforms the Kingsley Index and has steadily improved its same store results year-over-year as evidenced in the following chart:

## *Key Performance Indicators*


## Auditing

SL Green, as a public company, maintains a robust system of internal controls over financial reporting as required by Section 404 of the Sarbanes Oxley Act of 2002. These controls include maintaining an internal audit function that reviews the Company's financial reporting policies and procedures on an annual basis and reports back to the Company's Board of Directors on its findings. In addition, Ernst & Young LLP, the Company's independent public accounting firm, separately reviews all controls over financial reporting and issues an opinion each year based on its findings. The internal auditors have verified that the Company has implemented the appropriate controls and they are functioning properly and Ernst & Young has issued a clean Section 404 opinion. This opinion is included in the Company's 10-K filed with the SEC on an annual basis.

## Recent Awards

**Construction**
- 2008 BOMA NY Pinnacle Award for New York City
- 2009 Middle Atlantic Regional Building of the Year
- 2009 BOMA International Building of the Year

**Building Management and Operation**
- 2007 Property Manager of the Year
- 2008 Renovated Building of the Year
- 2009 Renovated Building of the Year
- 2009 Operating Office Building of the Year
- 2009 Runner up for Property Manager of the Year

**Marc Holliday**
Chief Executive Officer

Mr. Holliday—Chief Executive Officer, SL Green Realty Corp. joined the Company in 1998 as Chief Investment Officer and has served as President & CEO and as a member of the Board of Directors since January 2004. During his tenure, SL Green Realty has grown to be the largest owner of commercial office properties in Manhattan, and owns 61 office property assets in the region totaling more than 30 million square feet. Mr. Holliday led the development of the Company's focused business strategy that features the repositioning and strategic upgrading of the portfolio to larger avenue properties with higher quality tenants, while at the same time driving strong earnings performance and growth in shareholder value. The Company's diversified strategy features selective acquisitions and dispositions coupled with a successful joint venture initiative and structured finance program. Before joining SL Green, Mr. Holliday was Managing Director for New York-based Capital Trust (NYSE: CT), where he was in charge of originating direct principal investments for the firm. Mr. Holliday received a Bachelor of Science degree in Business and Finance from Lehigh University in 1988, as well as a Master of Science Degree in Real Estate Development from Columbia University in 1990.

**Andrew S. Levine**
Chief Legal Officer

As General Counsel, Executive Vice President and Corporate Secretary for SL Green, Andrew S. Levine is the Company's Chief Legal Officer. He has served in that position since joining the Company in 2000. Before joining SL Green, Mr. Levine was a partner at the law firm of Pryor, Cashman, Sherman & Flynn, LLP. As a member of the REIT and Real Estate Transactions and Business groups at that firm, Mr. Levine served as counsel for a diverse client base of public and private real estate companies, national retailers, REITs, private developers, investment advisers and lenders. Previously, he was a partner at the firm of Dreyer & Traub. Mr. Levine received a B.A. degree from the University of Vermont in 1980 and a J.D. degree from Rutgers School of Law in 1984.

Mr. Levine was also an Editor of the Law Review at Rutgers.

# INSERT

# TAB

*Hard Rock*

# INSERT

# TAB

*Hard Rock*

## Hard Rock Overview of Business

Hard Rock is one of the most globally recognized entertainment and leisure brands. With a presence in 52 countries, Hard Rock is well known for the unique, rock music-based, entertainment experience it provides for its customers. Since the opening of our first Hard Rock Cafe in 1971, an American-style diner on Piccadilly in London, we have grown our original cafe concept to include 61 owned and operated Hard Rock Cafes and 69 franchised Hard Rock Cafes at December 27, 2009. In recent years, we have extended the Hard Rock brand to hotels, casinos and live music venues, primarily through franchising or licensing agreements. Our broad platform of Hard Rock assets delivers a consistent, differentiated, and high-quality customer experience. We enhance our brand perception through worldwide marketing programs, a focus on improving customer experiences and the active management of our asset portfolio.

Critical components of the Hard Rock brand include our authentic rock memorabilia and broad range of highly distinctive collectible merchandise. We believe we possess one of the world's most extensive collections of authentic rock memorabilia, comprising approximately 72,000 pieces, including the Beatles' Magical Mystery Tour Bus; the doors to the Abbey Road Studios, where most of the Beatles' recordings took place; and our first piece of memorabilia, Eric Clapton's red Fender Stratocaster guitar, which was placed in our London cafe to reserve his favorite table. Our merchandise products include our classic city and fashion tee-shirts, fleeces, leather apparel, hats, glassware and pins.

We are an operationally driven company, focused on creating an "authentic experience that rocks" for our customers, while maximizing our profitability.

We manage our business through five reportable segments: Company Cafe Operations; Franchise Operations; Hotels; Casinos; and Other Operations. As of December 27, 2009:

- our Company Cafe Operations segment included 61 Company-owned and operated Hard Rock Cafes, including 43 in the United States; 16 in key European locations, including the United Kingdom, The Netherlands, Spain, Germany, Denmark, Portugal, France, Italy and the Czech Republic; one in Canada; and one in the Caribbean;

- our Franchise Operations segment included 69 franchised Hard Rock Cafes located in 38 different countries, two franchised bars, seven franchised retail stores and a franchised Hard Rock Live music venue;

- our Hotels segment included eight stand-alone hotels with a total of 4,189 guest rooms;

- our Casinos segment included four Hard Rock Hotels and Casinos, including two owned and operated by the Seminole Tribe of Florida pursuant to a license with us (the Seminole Hard Rock Hotel and Casino — Tampa, located in Tampa, Florida and the Seminole Hard Rock Hotel and Casino — Hollywood, located in Hollywood, Florida), a licensed Hotel and Casino in Biloxi, Mississippi that opened in the second quarter of Fiscal 2007 and a licensed Hotel and Casino located in Macau that opened in the second quarter of Fiscal 2009; the four Hotel and Casinos have a total of 1,378 guest rooms and 9,566 gaming positions; and

- our Other Operations segment included five hotel retail stores owned and operated by us, five licensed hotel retail stores, and one online merchandise shop operated through our website www.hardrock.com.

On March 5, 2007, Seminole Hard Rock Entertainment, Inc. ("SHRE") and Seminole Hard Rock International, LLC ("SHRI") acquired the outstanding shares of capital stock of Hard Rock Cafe International (USA), Inc., Hard Rock International Ltd. and their affiliated entities (collectively, referred to as the "Predecessor") that owned and operated the Hard Rock businesses (the "Acquisition").

**Revenues**

Our revenues consist primarily of restaurant and merchandise sales from our Company Cafe Operations segment and fees from our franchisees and licensees from our Franchise Operations, Hotels and Casinos segments. Revenues are influenced by, among other things, brand advertising, menu selection and initiatives to improve cafe operations, timing of cafe, hotel and casino openings and closings, royalties paid to us by our franchisees and licensees (including the overall financial strength and stability of our system), the demand for leisure and entertainment services, overall demand for travel and tourism and demand for casino gaming. Revenue for each of our reportable segments is as follows:

*Company Cafe Operations.* Revenues in our Company Cafe Operations segment are comprised of food and beverage sales and merchandise sales from our company-owned and operated cafes, net of discounts. Various factors influence sales at a given cafe, including customer recognition of the Hard Rock brand, our level of service and operational effectiveness, pricing, marketing and promotional efforts and local competition. Several factors affect our reported sales in any period, including the number of cafes in operation, comparable cafe performance, seasonality and the strength of the US dollar against foreign currencies.

Our business is seasonal in nature with revenue and operating income generally higher in the second and third fiscal quarters. The seasonality is driven by the impact of tourism, which is generally greatest during the summer months.

*Franchise Operations.* Revenues in our Franchise Operations segment are comprised of one-time acquisition fees to secure franchise rights; continuing royalties on food and beverage and merchandise revenues; and memorabilia lease fees. Our royalty revenues are dependent upon the revenues generated by our franchisees, which are influenced by various factors similar to those which influence our Company Cafe operations.

*Hotels.* Revenues in our Hotels segment are comprised of royalties on hotel room, food and beverage and/or merchandise revenues; technical service fees; memorabilia lease fees; marketing fees; and with respect to condo-hotel projects, condominium sales fees. Our royalty revenues are dependent upon the revenues generated by our licensed hotels, which are influenced by similar factors to those that influence our Company Cafe operations.

As of December 27, 2009, six of the eight hotels in our portfolio were structured through license agreements and branded Hard Rock Hotel, with two of the six license agreements contained within two of our joint ventures. The remaining two hotels in our portfolio as of December 27, 2009 were held through joint ventures and are non-branded hotels.

*Casinos.* Revenues in our Casinos segment are comprised of one-time acquisition fees to secure the license rights; royalties on net gaming activities, hotel room, food and beverage and/or merchandise revenues; and memorabilia lease fees. Our royalty revenues are dependent upon the revenues generated by our licensees, who are influenced by various factors similar to those which influence our Company Cafe Operations.

*Other Operations.* Revenues in our Other Operations segment are comprised of sales of merchandise through retail stores in hotels, royalties from licensed hotel retail stores, and our online merchandise shop.

# Management Experience

Hard Rock is one of the most globally recognized entertainment and leisure brands. With a presence in 52 countries, Hard Rock is well-known for the unique, rock music-based entertainment experience it provides for its customers. Since the opening of our first Hard Rock Cafe in 1971, an American-style diner on Piccadilly in London, we have grown our original cafe concept to include 61 owned and operated Hard Rock Cafes and 70 franchised Hard Rock Cafes. We have extended the Hard Rock brand to hotels, casinos and live music venues. We believe our broad platform of Hard Rock assets delivers a consistent, differentiated, and high-quality customer experience. We enhance our brand perception through worldwide marketing programs, a focus on improving customer experiences and the active management of our asset portfolio.

Critical components of the Hard Rock brand include our authentic rock memorabilia and broad range of highly distinctive collectible merchandise. We believe we possess one of the world's most extensive collections of authentic rock memorabilia, comprising approximately 72,000 pieces, including the Beatles' Magical Mystery Tour Bus; the doors to the Abbey Road Studios, where most of the Beatles' recordings took place; and our first piece of memorabilia, Eric Clapton's red Fender Stratocaster guitar, which was placed in our London cafe to reserve his favorite table. Our merchandise products include our classic city tee-shirts, fleeces, leather apparel, hats, glassware and pins.

We operate through five operating segments: Company Owned and Operated Cafes; Franchised Cafes; Hotels; Casinos and Other Operations. Our portfolio includes 131 cafes, 7 stand-alone hotels, 6 hotel-casinos, 4 live music venues, an online retail store and a retail outlet. We are an operationally driven company, focused on creating an "authentic experience that rocks" for our customers, while maximizing our profitability.

# Management Experience

## Our Operations

**Casino Management.** The Hard Rock management team and brand are one of the most experienced in the industry with over 480 years combined experience in all aspects of casinos, hotels and destinations.

The core values of our management philosophy are honesty, integrity and experience. As you evaluate the résumés of our management team, they will demonstrate not only our experience, but that we come from tremendously diverse backgrounds . We have operated in many different environments such as:

- Destination Casinos
- Casino Hotels
- Local Casinos
- Regional Markets
- International Markets

We also understand the dynamics of operating in a high tax environment as some of our properties have operations in excess of an 80% margin. Due to the face that we operate in 52 countries, we are the most experienced company in the gaming industry in regards to dealing with governments and partners.

The Hard Rock Senior Management Team will be personally involved with the success of Aqueduct. Including James F. Allen, Chairman and CEO, who will personally lead the design, development and opening process, as well as approve all department heads. Joe Emanuele who is head of the Hard Rock Development Team, has designed and opened some of the most successful casinos in the United States. One of his recent accomplishments is the tremendously successful racino, Philadelphia Parx Casino.

# Management Experience

## Our Operations

Our experience in networked gaming is second to none based on our wildly successful deployment of Class 2 games that were made to look like and operate similar to Class 3 games. In 2002 every Class 2 game vendor had its own system – all server-based. There was no integration between vendors, nor was there a player tracking system. We issued an RFP that resulted in a networked floor system, integrated Ticket-in Ticket-out and a common player tracking interface. Our success led vendors like Bally, IGT, Aristocrat and AC Coin to enter the Class 2 game business – a business that had heretofore been dimly viewed by the industry. We proved that disparate games and systems could work together. We used the Gaming Standards Association as a neutral forum for creating the communication protocols. That effort has led to industry adoption of the Game-to-System (G2S) protocol which is the foundation for all server-based and networked gaming products on the market today. Today, we seamlessly operate Class 2 and Class 3 games and continue to stay on the leading edge of gaming system development.

These accomplishments were led by Lyle Bell, Senior VP of Technology. He has also served as Chairman of the Gaming Standards Association since 2005. GSA is a non-profit international trade association that facilitates the identification, definition, development, promotion, and implementation of open gaming industry standards. Its 62 members include 9 lottery operators.

# Management Experience

## Our Operations

Even more important than the value of our memorabilia collection is our employees. With over 30,000 loyal team members from around the world, we continually demonstrate that *Love All Serve All* equates to some of the finest guest experiences in the industry. As you can see in the attached mystery shopper program we developed, we are constantly evaluating the guest experience at our properties. The scores speak for themselves as we continually rate among the highest in the industry.

Hard Rock has designed and created Standard Operating Procedures for every task in the Gaming and Hospitality Industries. As you are aware the Hard Rock business model was created in 1971. We have learned every possible way to provide the most advantages in experiences to our guests. Hard Rock would be happy to provide these models with the understanding they are proprietary and most remain confidential. While most company's revenue and profits declined the last two years, Hard Rock saw double digit increases in its casino business and over 2% growth in its restaurant and retail businesses.

As you will see in our detailed marketing plan, we understand how to market to people of all ethnic backgrounds and age groups. We create environments that become must-see destinations, this has led to countless awards and recognition that none of the other bidders even come close to! In short, Hard Rock is the most recognized brands in the casino industry making it a beneficial partner for the State of New York and Aqueduct.

# Management Experience

## Our Operations

***Hotels.*** Our hotels and resorts are located in key gateway cities and vacation destinations around the world. Our hotels are owned and operated through various structures, including license or franchise agreements, joint ventures and management agreements. Our hotels offer a differentiated Hard Rock guest experience, including upscale service and accommodations in a rock music-based environment, high profile restaurants, stylish bars and expansive entertainment decks and pools. With the exception of two hotels located in Orlando (the Royal Pacific Hotel and the Portofino Bay Hotel), all of the properties in our portfolio operate under the Hard Rock brand. Two additional hotels are also part of hotel-casino projects operated under license agreements with us.

# Management Experience

## Our Operations

Our hotels and resorts appeal to many segments of the hospitality industry and range from destination resorts to urban hotels. The following table sets forth our existing hotel and casino portfolio:

| Property | Concept | Open Date |
|---|---|---|
| Las Vegas | Resort Casino Hotel | 1995 |
| Bali | Resort Beach Hotel | 1998 |
| Orlando | Theme Park Resort | 2001 |
| Pattaya | Resort Beach Hotel | 2002 |
| Chicago | City Hotel | 2004 |
| Tampa | Resort Casino Hotel | 2004 |
| Hollywood | Resort Casino Hotel | 2004 |
| Biloxi | Resort Casino Hotel | 2007 |
| San Diego | City Hotel | 2007 |
| Portofino (Orlando) | Resort Hotel | 2001 |
| Royal Pacific (Orlando) | Resort Hotel | 2002 |
| Macau | Resort Casino Hotel | 2009 |
| Penang | Resort Hotel | 2009 |
| Dominican Republic | Resort Casino Hotel | 2010 |
| Hungary | Resort Casino Hotel | 2013 |
| Panama | Resort Beach Hotel | 2012 |
| Dubai | City Hotel | 2013 |
| Sentosa/Singapore | Resort Casino Hotel | 2010 |
| Abu Dhabi | City Hotel | 2013 |
| Los Angeles | City Hotel | 2013 |

# Management Experience

## Our Operations

***Company Owned and Operated Cafes.*** We own and operate 61 Hard Rock Cafes, including 44 in North America, 16 in key European locations, including the United Kingdom, The Netherlands, Spain, Germany, Denmark, Portugal, France and Italy and 1 in Australia. Our cafes are typically set in distinctive buildings in strategic locations and offer an American-style menu in a rock music-based environment that includes video music content, a unique collection of rock music memorabilia and a selection of classic and contemporary Hard Rock branded retail merchandise. Our menu features authentic American-style dishes, including Hard Rock's signature burgers, sandwiches, smoke house dishes, salads and steaks. Hard Rock Cafes typically have prominently-displayed video monitors that broadcast the Hard Rock music channel, and several cafes host live music performances from reputed international and emerging bands. We continually update and improve the content of the Hard Rock music channel to enhance our brand image and our customers' experiences. Our display of authentic rock memorabilia in every Hard Rock Cafe further enhances the Hard Rock experience.

Our Hard Rock Cafes feature retail stores offering collectible items, including our classic city tee-shirt and pins, which customers purchase to commemorate their visits, and other fashion-oriented products (especially in women's wear). We complement our core offering of collectible merchandise with limited-edition, fashion-oriented and co-branded products, the addition of which has increased merchandise conversion and merchandising spends.

# Management Experience

## Our Operations

***Franchised Cafes.*** The first franchised Hard Rock Cafe opened in Tokyo in 1983 when we began to capitalize on third-party interest in the Hard Rock brand outside of the United States and Europe. Additional franchised cafes opened in Stockholm in 1985, Reykjavik and Cancun in 1987, and Sydney and Acapulco in 1989. Our franchised Hard Rock Cafe portfolio includes 70 Hard Rock Cafes located in 35 different countries. In addition to cafes, there are also 3 franchised bars (2 in Malta and 1 in Punta Langosta, Mexico), 7 standalone franchised merchandise stores (Stockholm, Athens, Cancun, Cozumel, Hong Kong, Seoul and Cairo), and a franchised Hard Rock Live venue in Mexico City. Our franchised assets are operated by 21 franchisees, of which 8 operate multiple assets.

# Management Experience

## Competitive Strengths

We believe the following strengths enable us to compete successfully and implement our business strategy:

***Globally Recognized Brand.*** Hard Rock is one of the most globally recognized entertainment and leisure brands. Through our unique, rock music-based environment, collection of authentic music memorabilia, American-style food, and collectible merchandise, we deliver a consistent, high quality, differentiated customer experience. According to The Parthenon Group, 89% of U.S. consumers recognize the Hard Rock brand, and in select international cities where there is a Hard Rock Cafe, 85% of European consumers and 45% of Japanese consumers and 25% of Chinese consumers recognize the Hard Rock brand. The strength of the Hard Rock brand has facilitated our successful extension of the brand from cafes into new areas such as hotels, casinos and live music venues. We continue to enhance the perception of our brand through a worldwide marketing strategy, a focus on improving customers' experiences, and the active management of our asset portfolio.

# Management Experience

## Competitive Strengths

***Authentic Rock Memorabilia and Highly Distinctive and Collectible Merchandise.*** We believe we possess one of the world's most extensive collections of authentic rock memorabilia, comprising approximately 72,000 pieces, including the Beatles' Magical Mystery Tour Bus; the doors to the Abbey Road Studios, where most of the Beatles' recordings took place; and our first piece of memorabilia, Eric Clapton's red Fender Stratocaster guitar, which was placed in our London cafe to reserve his favorite table. We display the memorabilia throughout our branded venues, using a blend of classic and contemporary artists. Our merchandise products include shirts, such as our classic city tee-shirt, fleeces, leather apparel, hats, glassware and pins. We believe our memorabilia and distinctive collectible merchandise drive traffic to our venues, increase brand awareness and stimulate sales.

***High Profile Geographically Diverse Locations.*** Our Hard Rock branded assets currently reach six of the seven continents. Our branded assets are typically located in high profile areas of primary visitor activity and in major resort destinations. By strategically positioning our assets, we believe that we capture a significant amount of customer traffic and both maximize and increase the awareness of our brand. We have developed analytical criteria to guide our entry into new markets and our decision whether to enter with a company owned and operated, joint venture, franchised or licensed asset. Furthermore, we selectively choose our joint venture, franchising and licensing partners, considering their financial strength, local relationships, and restaurant, retail, hotel or gaming backgrounds.

# Management Experience

## Competitive Strengths

***Dynamic and Flexible Brand.*** The breadth of our portfolio and range of our successful operating models, from owner-operator and joint venture to franchising and brand licensing, provides us with significant operating flexibility. We believe this versatility creates a platform for high margin business opportunities and strong revenue and profit growth. In addition to the established Hard Rock Cafes, Hard Rock Hotels and Hard Rock Hotels and Casinos.

***Experienced Management Team*** James Allen and Brad Buchanan, our Chairman and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, respectively, are also the Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively, of the Seminole gaming operations, including the successful Seminole Hard Rock Hotels and Casinos in Hollywood and Tampa, Florida. Messrs. Allen and Buchanan have a combined 58 years of experience in the gaming and hospitality industries and have held senior management positions at several gaming and hospitality companies, including Sun International, Hemiter Enterprises, the Trump Organization, KSL Recreation Corporation, and Sahara Gaming Corporation.

# Management Experience

**James F. Allen, Chairman of Hard Rock International, CEO Seminole Gaming**

30 years of experience in hotel and casino development and operations, including Senior Vice President of Property Operations at Sun International. Responsible for design and development of Mohegan Sun and the Atlantis Resort and Paradise Ocean Beach Club Resorts.

**Brad Buchanan, Executive V.P., Chief Financial Officer**

28 years of resort and gaming experience, including executive positions at KSL Recreation, Sun International, Treasure Bay Hotel, Casino & Country Club and Sahara Gaming Corporation.

**Hamish Dodds, President & CEO, Hard Rock International**

With over 31 years experience, Hamish oversees all aspects of Hard Rock's worldwide businesses, and is responsible for the strategic development and operational results of all Hard Rock's activities across 52 countries. Prior to joining the Hard Rock team, Hamish worked as CEO for Cabcorp, and as President of Pepsico's South American, Central American and Caribbean Beverage Divisions.

**Howard Dreitzer, Chief Operating Officer**

Howard Dreitzer possesses 34 years executive experience in casino hotels throughout the world. He most recently held the position of Regional Sr. V.P. for Hilton US in Australia and General Manager at Conrad Jupiters Hotel & Casino. Dreitzer was COO at Harrah's New Orleans. He also held executive and management positions in Las Vegas at Golden Nugget, Frontier and Flamingo as well as executive level positions at Showboat and Trump Casinos in Atlantic City.

# Management Experience

**Lyle Bell, Senior V.P. of Information Technology**

His 36 years of experience includes five years with IGT as Vice President of Gaming Systems and twelve years with Caesars Palace as Vice President of Information Systems. Bell developed and marketed the leading casino management and accounting software in the industry and Introduced the world's first casino-wide cashless slot system. He is currently Chairman of GSA.

**John R. Eder, Senior Vice President of Finance**

With over 18 years experience, John R. Eder, working as Vice President of Finance in the Gaming Division and at Seminole Hard Rock Hotel & Casino in Tampa. Prior to joining Eder was the Vice President - Finance of Kerzner International. Eder also held management positions with Walt Disney World, Vesuvius USA and Coopers & Lybrand. In addition, he is a Certified Public Accountant.

**Jeanne Faccadio, Senior V.P. of Human Resources**

With over 29 years of experience, Jeanne has held executive positions with Boyd Gaming and was Vice President of Human Resources for the Sands Hotel & Casino in Atlantic City. Areas of expertise include the development of employee benefit plans as well as labor relations.

# Management Experience

**Jeff Hook, Senior V.P. of Marketing**

Jeff Hook has over 15 years experience at some of the top casinos working as Division VP of Marketing at Harrah's Entertainment and V.P. of Marketing for MGM Mirage and Boyd Gaming. He was instrumental in the development of industry leading marketing capabilities that have become key differentiators in today's marketplace.

**Ed Jenkins, Director of Compliance and Regulations (Gaming Commission)**

31 years of experience with the FBI, including Special Agent in Charge of the Las Vegas Office and eight years of experience as Vice President of Corporate Security for Caesars World and MGM Grand, Inc.

**Charles Lombardo, Senior V.P. of Gaming Operations**

His 38 years of experience includes various positions at Park Place Entertainment including Sr. Vice President of Slot Operations for Paris Las Vegas and Bally's Las Vegas. Lombardo also held the position of Sr. Vice President of Slot Operations for Caesars Palace in Las Vegas. Throughout his career, Lombardo has designed new gaming machines and developed gaming layouts for many Las Vegas casinos.

# Management Experience

**Thomas Sparks, Senior V.P. of Security and Transportation**

With over 23 years experience, Sparks is responsible for the development and implementation of security procedures and transportation programs. He has held key positions at both Harrah's and Trump Casinos in Atlantic City. Sparks held the position of compliance officer for the Mohegan Tribe of Connecticut, reporting directly to the tribal council and the audit committee.

**Paul Tjoumakaris, Senior V.P. Slot Operations**

Paul Tjoumakaris has more than 31 years experience in the gaming industry. He is responsible for all slot and poker operations. Tjoumakaris served as Vice President of Slot Operations at the Borgata Hotel, Casino and Spa in Atlantic City, NJ. He has also held executive positions at Caesars in Atlantic City. Tjoumakaris pioneered the development of currency changers, bar coded coupon validation and automatic paperless fill transactions.

# Management Experience

**David Miller, Senior V.P. of Development Operations**

David Miller has more than 29 years experience in the gaming industry. He oversees hospitality and food and beverage initiatives throughout the organization. Miller was Senior Director of Operations for the Isle of Capri Casino in Kansas City, Missouri. Miller launched his career at Bally's Park Place in Atlantic City, N.J. His management titles have included Director of Food and Beverage Support Services, Director of Food and Beverage, Senior Director of Operations, Vice President of Operations and Interim General Manager. Miller also has experience owning and operating restaurants outside the gaming industry in southwestern Ohio.

**Michael D. Rumbolz, Board Member**

Rumbolz has over 26 years of experience in key aspects of the gaming industry encompassing casino project development, construction and hotel and casino operations, lottery and slot route operations, gaming related equipment/systems manufacturing and gaming legislation and regulation.  Rumbolz served as Chairman of the Nevada Gaming Control Board and was a founding member of the international Association of Gaming Regulators.  He was also appointed Chief Deputy Attorney General for Southern Nevada and senior attorney for the Nevada gaming regulatory system. Rumbolz sits on the international Association of Gaming Attorneys Board of Trustees, Board of Directors of Employers Insurance Group (EIG-NYSE) and Board of Trustees of the Nathan Adelson Hospice. Rumbolz is licensed in over 100 gaming jurisdictions.

# Management Experience

**Michael Shindler, Executive Vice President, Hard Rock Hotels & Casinos**

Shindler has 44 years of professional experience. He has operated his own hospitality transactions consulting practice while acting as Chairman of HGMI Gaming, Inc. (f/k/a Hyatt Gaming Management, Inc.), the umbrella entity for the Pritzker Family's gaming enterprises. In this capacity, he oversaw (a) the company's management operations at Grand Victoria Resort & Casino (in Rising Sun, Indiana) and Hyatt Regency Lake Tahoe (NV), (b) the company's affiliate's investments in Fallsview Management Company, the Ontario based company that is the manager of Casino Niagara and Fallsview Casino, in Niagara Falls, Ontario, for which he served on the Board of Directors of Fallsview Management Company, (c) the company's consulting arrangement with Hyatt Hotels Corporation for its casino at Hyatt Regency Aruba Resort & Casino, and (d) the enterprises' investment and operation of Grand Victoria Casino in Elgin, Illinois. Previously, Shindler acted on behalf of Las Vegas Sands Corp. in the negotiation of the third-party management agreements in Macau, including hotel-casino interactions..

# Management Experience

**Joseph Emanuele, V.P. Design & Development, Hard Rock Hotels & Casinos**

Emanuele has over 25 years architectural, engineering and design experience. In his current capacity, Emanuele oversees the design and construction of cafes, concert venues, retail stores, hotels and casinos. Emanuele has held executive positions with The Friedmutter Group with New York and Atlantic City offices, David Jacobson Associates, P.A., Ventnor, NJ and Resorts International of N.J. Development Division, Atlantic City, NJ. Emanuele's notable projects include: Layia Palace Hotel & Resort, Dubai, UAE, Harrah's Atlantic City Waterfront Tower, Atlantic City, NJ , Isle of Capri Casino, Coventry, United Kingdom, Mohegan Sun Casino Resort, Uncasville, CT and Atlantis Hotel Casino, Paradise Island, Bahamas.

**Nelson Parker, Head of Development, Americas, Hard Rock Hotels & Casinos**

Parker is responsible for identifying locations, franchise and management opportunities and equity partners for hotel and hotel-casinos in North America, South America, Latin America and Caribbean. With 12 years professional experience, Parker has held management and executive positions with Foxwoods Development Company, St. Louis, MO where he was VP of Development, responsible for overseeing development, management and acquisition efforts for commercial and Native American gaming opportunities and Argosy Gaming, Acton, IL where he served as Corporate Director of Development.

# HARD ROCK QUALITY INSPECTION RESULTS SUMMARY

**REDACTED ( 20 PAGES)**

# References

Work performed for the following references related to the design, operation and regulation of casinos, hotels and destinations over the last 30 years.

**Sol Kerzner, Chairman & CEO Kerzner International**

19 Earls Terrace I Kensington  London W8 6LP I United Kingdom I 011441753899842

**Richard Hadrill, CEO Bally Technologies**

6601 S. Bermuda Rd. I Las Vegas Nevada 89119 I 702.584.7601

**Governor Charlie Crist, State of Florida**

400 S. Monroe St. I Tallahassee Florida 32399 I 850.488.2272

**Senator Jim Whelan, State of New Jersey**

511 Tilton Rd I Northfield New Jersey 08225 I 609.383.1388

**Representative Jim Waldman, Florida House of Representatives**

313 House Office Building I 402 S. Monroe St. I Tallahassee Florida 32399 I 850.488.3164

# References

**Mac Seelig, President AC Coin & Slots**

201 W. Decatur Ave. l Pleasantville New Jersey 08232 l 609.404.7893

**TJ Mathews, Board Member IGT**

1085 Palms Airport Dr. l Las Vegas Nevada 89119 l 702.492.8813

**Kevin DeSanctus, CEO Revel Entertainment**

1301 Atlantic Ave. l Suite 200 l Atlantic City New Jersey 08410 l 609.340.0003

**Hal Steinbrenner, Co-Owner New York Yankees**

One West 161st St. l Bronx New York 10451 l 718.293.4300

**Lonn Trost, COO New York Yankees**

One West 161st St. l Bronx New York 10451 l 718.579.4420

**HARD ROCK BIOGRAPHIES**

**REDACTED ( 13 PAGES)**

# INSERT

# TAB

*Clairvest*

## About Clairvest

Founded in 1987, Clairvest is a Toronto-based private equity investment firm with over C$750 million of equity capital under management. Clairvest invests in successful mid-market companies, principally in North America, across a wide array of industries.

From its inception, Clairvest has invested its own capital in every investment along with the Clairvest Equity Partners limited partnerships. Each member of the investment team has invested a significant amount of capital in Clairvest, and approaches each investment as owners and shareholders.

Clairvest's investment team is stable, with the six most senior professional investing together since 2002. The current management of the company has been involved with the origination of 31 investments.

## Disclosure Regarding Clairvest's Gaming Experience

As of June 24, 2010, Clairvest Group Inc. and its related entities (collectively, "Clairvest") has been involved in over 18 local market casinos spread across 7 different casino investments and 5 jurisdictions.

In 2000, Clairvest purchased a 28.4% interest in Gateway Casinos which had casino interests in western Canada. Over the next six years, Clairvest conducted all of its gaming activities through Gateway. Through Clairvest's involvement with Gateway, members of Clairvest management completed due diligence on ten different operating casinos, participated in three gaming redevelopment projects, and participated in two gaming greenfield projects. In 2000, Gateway had four casinos in British Columbia and Alberta with 748 slot machines and 112 gaming tables. By 2007, Gateway had grown to nine casinos in British Columbia and Alberta with 3,673 slot machines and 205 gaming tables.

In 2006 Clairvest invested in a greenfield gaming project that would become the Grey Eagle Casino which is located on First Nation lands in the Southwest corner of Calgary. The Grey Eagle opened in December 2007 and is now the #1 casino in Calgary as measured by coin-in-slot. Clairvest partnered with the Novac family who had been working with the Tsuu T'ina nation prior to Clairvest's involvement. Clairvest met the Novacs when Clairvest participated with them and Casinos Austria in the bid for licenses in Ontario in 1997. The Grey Eagle has 600 slot machines and 61 gaming tables.

In 2007 Clairvest made its first investment in the Chilean gaming industry with an investment in Marina Del Sol, a greenfield gaming project in Concepcion, the second largest city in Chile. Marina Del Sol has a minimum 15 year monopoly license for that city. Clairvest partnered with the local family who had won the license and who had considerable construction experience in Concepcion but no gaming experience. Clairvest has a 50% interest in the project. The project includes a casino, hotel, convention centre, nine restaurants, theatre, night club and other entertainment amenities. The casino has 800 slot machines and 50 gaming tables and was opened in November 2008.

In 2008 a group backed by Clairvest won a RFP to construct a casino under a license which provided a 20 year monopoly for Moncton, New Brunswick and a ten year monopoly for the balance of the province. The Moncton casino opened in May, 2010. Clairvest's partners in the project include the Novac family, Clairvest's partner in the Grey Eagle Casino. The project includes a casino, hotel (which has a spa, pool, and other amenities), a theatre and convention centre. The casino has 500 slot machines, 22 gaming tables and 8 poker tables.

In 2008 Clairvest closed on an investment in a casino being built in Osorno, Chile. This casino has a minimum 15 year monopoly for Osorno and the surrounding area.. The casino is a tenant in a larger complex which includes a hotel and other amenities. The casino has 392 slot machines, 21 gaming tables and 108 bingo seats. The operating partner in the project is Latin Gaming who has a number of gaming assets in Latin America. Latin Gaming won the license in the government run RFP and Clairvest purchased its interest once construction had commenced.

In 2009, Clairvest acquired a 50% interest in a newly built casino in Calama, Chile, the copper mining capital of the world. The interest was acquired from Latin Gaming, Clairvest's partner in Osorno. While Clairvest did not acquire its 50% interest in the casino until after construction was complete, Clairvest was financing the construction through bridge loans to Latin Gaming as the mechanics of the deal were finalized. The casino has 392 slot machines and 21 gaming tables. Clairvest is also a 42.5% partner in the hotel and a 50% partner in the parking garage which are part of the project. The Project also has two office buildings, an apartment hotel, a retail concourse, and bowling but none of these parts of the project are owned by Clairvest or its partner Latin Gaming. The casino opened in June 2009.

In 2010, Clairvest acquired a 40% interest in Midwest Gaming, a greenfield casino project in Des Plaines, Illinois. Midwest Gaming is a partnership between affiliates of Clairvest and Neil Bluhm. Midwest Gaming won the RFP for the 10th gaming license in Illinois in 2008, and Clairvest and Mr. Neil Bluhm were found suitable by the IGB on February 10, 2010. The initial phase of the project is expected to include a 147,000 square foot facility, 1,150 slots, 30 gaming tables, four restaurants, three bars, indoor parking and additional amenities. Development has begun and the casino is expected to open in August 2011.

**Clairvest's Gaming Team**

**Jeff Parr** – Co-Chief Executive Officer and Managing Director – Mr. Parr has over 25 years of principal financing experience providing capital to mid market companies. Mr. Parr also sits on Clairvest's board. Since joining Clairvest in 1995, he has worked with Ken Rotman to lead the way to the growth and success of Clairvest's private equity investment business. Mr. Parr was behind the investment research which led Clairvest to become involved in the gaming industry. Since joining Clairvest in June 1995, Mr. Parr was involved with Clairvest's investment in Casino New Brunswick, Gateway Casinos, Grey Eagle Casino, Latin Gaming Calama, Latin Gaming Osorno and Marina del Sol. Prior to joining Clairvest, Mr. Parr was one of three partners managing the Canadian Mezzanine Fund ("CMF"), a $48 million private equity limited partnership sponsored by Gordon Capital Corporation. Prior to joining CMF in February 1992, Mr. Parr held progressive management positions with the mid market capital groups of National Bank of Canada and Citibank Canada. Mr. Parr graduated from the University of Western Ontario in 1982. He joined Coopers and Lybrand where he became a member of the Canadian Institute of Chartered Accountants in 1985.

*Since joining Clairvest, Mr. Parr has participated on the boards of the following companies: Marina Del Sol S.A., Casino New Brunswick, N-Brook Mortgage Group, Consolidated Vendors Corporation, Consoltex Group Inc., Datamark Inc., Gateway Casinos, Signature Security Group Inc., Vitamin Superstore, LLC and Western Co-Axial Limited.*

**Michael Wagman** - Managing Director – Mr. Wagman has over 15 years of experience as a principal investor and joined the Clairvest team in July 1998. Mr Wagman has been involved with Clairvest's investments in Gateway Casinos, Grey Eagle Casino, Latin Gaming Calama, Latin Gaming Osorno and Marina del Sol. He began his career in May 1995 at Nesbitt Burns in Investment Banking focusing on both Corporate Finance and Mergers & Acquisitions. In December 1996, Mr. Wagman joined BMO Nesbitt Burns Equity Partners Inc., a private equity vehicle established jointly by the Bank of Montreal and Nesbitt Burns. Mr. Wagman earned his HBA with distinction from the Ivey School of Business in 1995 and is a CFA charterholder.

*Since joining Clairvest, Mr. Wagman has participated on the boards of the following companies: Marina Del Sol S.A., Latin Gaming Osorno, KUBRA Data Transfer Ltd, Grey Eagle Casino, Gateway Casinos, Voxcom Incorporated and Signature Security Group Inc.*

**Heather Crawford –** General Counsel and Corporate Secretary – Ms. Crawford joined Clairvest in 1997 and is responsible for general, corporate and public company compliance matters. In addition, Ms. Crawford actively participates in the structuring of new investments and has been involved in compliance and regulatory matters related to all of Clairvest's gaming investments. Prior to joining Clairvest, Ms. Crawford practiced corporate and securities law at Tory Tory DesLauriers & Binnington (currently, Torys) and taught as a part-time professor at Osgoode Hall Law School. Ms. Crawford received a B.A. from Simon Fraser University (1983), an LL.B. from Osgoode Hall Law School (1986) and an LL.M. from Cambridge University (1988).

**Aly Champsi** – Associate – Mr. Champsi joined Clairvest in 2007 and is involved in all areas of the investment process, principally in the gaming industry. Since joining Clairvest, Mr. Champsi has been involved with Clairvest's investment in Latin Gaming Calama, Latin Gaming Osorno and Marina del Sol. Before joining Clairvest, he worked as a consultant for Mercer Management Consulting and as an investment banker at BMO

Nesbitt Burns in their communication and technology practice. Mr. Champsi earned his H.B.A. from the Richard Ivey School of Business.

*Since joining Clairvest, Mr. Champsi has participated on the board of Marina del Sol S.A.*

**Steve Frenkiel** – Associate – Mr. Frenkiel joined Clairvest in 2007 and is involved in all areas of the investment process, in several industries including gaming. Since joining Clairvest, Mr. Frenkiel was involved with Clairvest's investment in Casino New Brunswick and Midwest Gaming. Prior to joining Clairvest, Mr. Frenkiel worked as a management consultant for Deloitte Consulting advising companies in the manufacturing, technology and financial services industries, and as an investment analyst at a multi-strategy investment firm in New York City. Mr. Frenkiel earned an MBA from Harvard Business School and a B.Eng. with Distinction in Electrical Engineering from McGill University.

*Since joining Clairvest, Mr. Frenkiel has participated on the board of Lyophilization Services of New England, Casino New Brunswick and Midwest Gaming.*

# INSERT

# TAB

*Tishman*

**Tishman Construction Corporation (TCC)** is a privately held Construction Manager, Owner's Representative and Project Manager. Founded in 1898, Tishman is responsible for the construction of more than 450 million square feet of space incorporating facilities of every size and type: office, hotel, entertainment, residential, retail, medical, educational, transportation, recreational, and institutional. Tishman is headquartered in New York City and has regional offices in Newark and Atlantic City, NJ, Boston, MA, Philadelphia, PA, Washington, DC, Chicago, IL, Las Vegas, NV, Los Angeles, CA and Abu Dhabi, UAE. Daniel R. Tishman is our Chairman & Chief Executive Officer.

Tishman's roster of distinctive construction projects includes some of the nation's most recognized buildings: The new Seven World Trade Center, One World Trade Center, and Towers 3 and 4 along with the original Twin Towers of the World Trade Center Complex, the new Goldman Sachs World Headquarters, the platinum-LEED designed Bank of America Headquarters Building, the Condé Nast Building at 4 Times Square, and the Judy and Arthur Zankel Hall underneath Carnegie Hall, all in New York City; the John Hancock Center and McCormick Place Convention Center Expansion in Chicago; the William Morris Agency Headquarters in Los Angeles; Disney's Epcot Center and Animal Kingdom in Orlando; CityCenter in Las Vegas, the largest commercial development in the country; the Borgata Hotel, Casino and Spa in Atlantic City; the Boston Convention and Exhibition Center in Boston and the Pennsylvania Convention Center in Philadelphia.

Tishman employs a diversified preconstruction and construction management staff of structural, mechanical, electrical, and civil engineers; architects; technology specialists; scheduling and cost control personnel; and construction estimators and accountants. These professionals provide expert consultation and guidance in all phases of a building project: from master planning preconstruction option evaluations and decision-making, design review, estimating, and scheduling, through construction and procurement, to occupancy. Tishman's staff, numbering more than 950 nationally, evaluates, assists in the selection of, and then manages all designers, consultants, and contractors on a project, representing client interests throughout the project cycle.

Tishman's resources are further enhanced by the firm's affiliate companies, which are comprised of the following units that work collaboratively:

**Tishman Hotel Corporation (THC)** is a vertically integrated hotel operations company that has provided services for more than 85 hotels, totaling more than 30,000 rooms. THC specializes in hotel management, hospitality marketing, and advisory services. THC is the operator and/or asset manager of all Tishman owned hotels including: the Wyndham Rio Mar, Sheraton Chicago Hotel & Towers, Walt Disney World Dolphin and Walt Disney World Swan, the Hilton at Walt Disney World Village, Westin River North, Sheraton Old San Juan, Renaissance Suites Chicago O'Hare and the Westin New York at Times Square.

**Tishman Technologies Corporation (TTC)** addresses clients' unique and constantly evolving requirements for data and communications networks demanding 24/7 operations. Tishman Technologies manages multi-disciplinary design, consultation, construction, and implementation teams specializing in building infrastructure, cabling, and data center facilities. TTC is currently managing the construction of a number of mission critical facilities for major corporate clients around the country.

**Tishman Interiors Corporation (TIC)** is a full-service company specializing in the construction of all types of interior spaces, including office fit-outs, hotels and retail stores, as well as renovation and modernization of existing spaces. Tishman Interiors' client list includes some of the nation's most prestigious companies: Merrill Lynch, Morgan Stanley, Pfizer, Reuters and Verizon.

**Tishman Realty Corporation (TRC)** is a major developer and acquirer of hotels. Among its many responsibilities, Tishman Realty locates development opportunities, determines project feasibility, structures and secures financing, oversees the design and construction of a project, manages the asset, and oversees operations. TRC is responsible for the development of over 7,000 hotel rooms since 1980.

**Tishman Urban Development Corporation (TUDC)** focuses on the development and management of private/public projects and joint-venture opportunities, primarily in urban locations, for its own account and for clients. It manages all of the real estate, financial, leasing, and design/build professionals involved in a development, from market analysis and site selection to move-in, and oversees all the necessary related activities with government agencies. TUDC has focused its recent attention on the revitalization of 42nd Street in New York City. In a competition sponsored by the City and State of New York, TUDC was selected to develop a 200,000 square foot entertainment/retail project and an 863 room hotel at the corner of 42nd and 8th Avenue. The retail project, known as E Walk®, is anchored by a 13 screen Loews Theatre and a 550 seat B.B. King Blues Club.

**Tishman Real Estate Services Company (Tresco)** is a full-service commercial real estate organization offering a complete range of leasing and consulting services to tenants worldwide. Tresco has successfully represented such clients as Reuters American Holdings, Inc. in the leasing of 625,000 square feet for their new headquarters at 3 Times Square and acted as landlord representative for 1.2-million square feet at the Trump Building at 40 Wall Street. Tresco also has expertise in technology intensive facilities, representing major telecom companies and the development consulting of 1.15 million square feet for the Global Connectivity Center at 32 Avenue of the Americas.

By combining the in-house resources provided by these entities with the depth of the company's experience and its continuing involvement in the construction and real estate markets, Tishman can bring the most current pricing information, construction methodology, and building technology to each project. We have a complete understanding of the entire build process and can offer all of these services under one roof.

Our vast experience as an owner/builder gives us an intrinsic understanding of our clients' critical issues and concerns and we work collaboratively with the client in order to mitigate those issues and devise solutions in the best interest of the client.

## QUALITY ASSURANCE

Tishman will implement a quality-assurance program based on the principles of Total Quality Management, make suggestions for value engineering alternatives, and continuously control project costs through the use of customized software.

A quality project is achieved through superior design, an effective work plan, the provision of all necessary tools and equipment, a well-informed construction team, and a detailed, job-specific checklist against which to measure the caliber of work.

By verifying labor and material resources on a daily basis, conducting weekly meetings with contractors, expediting contractor coordination problems, assisting in the resolution of unanticipated field problems, and filing daily logs of work progress, our field team serves as the working arm of the quality assurance plan.

In order to meet the above objectives, Tishman closely analyzes and assists in the development of the design and construction documents, as described in the following:

### Design-Phase Reviews

During this stage, Tishman reviews contract documents for the following:

- Appropriate design elements to achieve the desired level of quality .
- Proper coordination between structural, architectural, mechanical, and electrical trades.
- Precise description of requirements affecting quality, and provisions for required quality control tests.
- The potential to introduce innovative design features which would improve the project's quality.

### Bid and Award Phase

Quality assurance is critical in contract purchasing. Contracts must clearly specify contractor qualifications criteria, material specifications and certifications, tolerances, specific conditions of construction, and work methods.

We apprise all bidding contractors of the project's quality goals. Once contractor selections are made, we review the scope of work, special conditions, and construction methods with all contractors and suppliers. In addition, each contractor must submit its own Quality Assurance Plan.

### Construction-Phase Review

All contractors must cooperate with the construction manager and developer, lay out their own work, engineer the design of subassemblies, prepare as-built drawings, maintain records such as product guarantees and warranties, and advise the construction manager on the daily progress of the work in accordance with contract documents.

Each contractor must perform the following:

- Maintain a survey control system for its own work and keep complete survey records.

- Maintain project records and make them available for audit by the construction manager.

- Submit daily copies of work performance reports, including systems test results, personnel certifications, authorized permits, and controlled inspection reports.

- Establish a procedure to confirm that all materials have been approved by the architect/engineer and the construction manager.

- Maintain certification for personnel as required.

- Perform completion tests for such items as piping, electrical continuity, insulation, and systems operations.

- Maintain records of calibration, routine certification, and maintenance of measuring tools and equipment.

- Maintain a set of drawings showing as-built conditions, including all field changes.

- Produce the final as-built drawings at the completion of work.

**Field Supervision**

Tishman's project manager and superintendent perform the direct day-to-day subcontractor administration tasks, including reviews to determine if the workmanship, personnel, equipment, and materials of each contractor is in compliance with contract documents. Strong field supervision is critical to the quality of the finished product. Therefore, our project superintendent is directly responsible for informing each contractor of the quality control requirements and for confirming that each contractor's quality of work is acceptable.

If a contractor does not meet our quality standards, it is required to remove and replace the unsatisfactory work at its own cost. If a contractor repeatedly resists conformance with our standards, payment is withheld until it demonstrates a change. In extreme cases, the contractor is replaced by another, and all unpaid monies are withheld.

During the course of construction, we periodically check the contractors'/subcontractors' job-site records for the following:

- Work-performance reports

- Signed-off controlled inspection records

- Material certifications

- Test reports

- Employee certification and licensing papers

- Red-line drawings showing as-built changes

- Survey control records

On a regular basis, our team performs the following:

- Examines the work in progress.
- Meets with principal(s) and each contractor's labor foreman to explain project requirements.
- Meets with contractors and designers to establish means for correcting defective work already in place and avoiding recurrence.
- Reviews the work of inspectors.

**Project Cost Control**

Tishman has developed a tracking system to manage all project costs and change order requests. Our experts perform independent cost and time impact analyses on all proposed contract changes which enable you to make informed decisions. Our customized T-Com Reporting system tracks the progress of all costs and project changes, and flags potential cost increases if they appear.

**Value Engineering**

Value engineering is an integral facet of Tishman's construction services. Throughout the life of every project, our technical specialists painstakingly analyze every aspect of the design and construction plan in order to help clients improve the quality of their facilities, speed the construction process, and trim construction budgets. When we are brought on board early, our value-engineering function is more beneficial.

Unlike simple cost cutting, value engineering seeks to improve the quality and marketability of a project, while also eliminating unnecessary costs. The process is based on innovation and creativity. Our technical specialists carefully examine every building product, system, and function and, when appropriate, recommend alternatives. Each of these alternate solutions is individually assessed for its initial cost savings, ease of operation, maintenance costs, life-cycle costs, impact on construction schedule, and, of course, quality and aesthetic merit.

# The Aladdin Casino and Resort
# Las Vegas, NV

**Client:** Aladdin Casino LLP

**Tishman Role:** Owner's Representative

**Square Footage:** 2,000,000

**Description/Significance**

Tishman served as Owner's Representative for the construction of a hotel, casino, entertainment and retail complex known as the Aladdin Project. The complex is located in the center of the Las Vegas strip.

The existing Aladdin Hotel and Casino was demolished to make way for the new Aladdin. The new hotel features 2,600 hotel rooms, 116,000 square feet each of conference and casino space, seven restaurants, spa and fitness centers, and a 1,500-seat showroom for theatrical extravaganzas. It also features Las Vegas' first European-style gaming salon, catering to the needs of the premium casino guest. The gaming salon has a private entrance, private elevators, and a five-star restaurant.

The scope of work included the building of Desert Passage, a 500,000-square foot, high-end mixed-use entertainment and retail development. It also features the 100-foot-high "Lost City," a replica of an ancient city which houses specialty stores and restaurants underneath a domed ceiling.

Tishman also renovated the 7,000-seat Aladdin Theater of the Performing Arts, commonly regarded as the best theater in Las Vegas. Improvements were made to the lighting, decor, sight lines, and acoustics.

A 10,000-ton central utility plant and an 11-story, 5,000-space parking garage were also built.


Legends
CHRISTMAS SAVINGS
SPECTACULAR
ABC
STORES
Corona
Corona

## Aqueduct Racetrack Casino Project and Paddock Renovation
## Ozone Park, NY

**Client:** The New York Racing Association

**Tishman Role:** Preconstruction Consultant

**Description/Significance**

Tishman provided pre-construction services for the renovation of the existing Aqueduct Racetrack facility, originally built in the late 1950s, to accommodate MIRAGE/MGM Gaming Entertainment. The project was to include extending a covered pedestrian bridge from the transit station to the second floor of the racetrack that would bring patrons to a new 100,000-square-foot casino floor adjacent to the grandstand betting ring and overlooking the racetrack. The casino floor was to include 4,500 video lottery terminals, a 105-seat lounge, a 27-seat bar, two standing bars, two service bars, two kitchens adjacent to a 250-seat concession area, newly renovated men's and women's rest room facilities and casino support space. The second floor was to connect to the ground, first and third floors by new escalators and elevators increasing pedestrian vertical transportation throughout the facility.

The front entrance areas of the racetrack was to include site clearing to create a new plaza, new water feature, self park and valet parking lots, service roads to newly designated service areas and circular driveways to a new porte cochere featuring a skylighted roof and connection to a new entrance lobby at the ground floor, new retail areas on the first floor, access to racetrack betting, and new administrative areas on the third floor. New exterior finishes were to include a decorative metal panel wall at the front entrance tied into the restored existing building façade, roofing modifications for building water tightness and protection over the grandstand seating.

The project was put on hold in 2004, pending EIS (Environmental Impact Statement) approval and funding. This project included NYS SEQRA issues; design, scheduling, and permitting; procuring mechanical/electrical/plumbing trades; and the pre-purchase procurement of escalators/elevators, switchgear, generators and roof top units.

Prior to the start of the casino project, Tishman served as Construction Manager for the renovation of the winners circle/paddock at Aqueduct Racetrack. This project also included a glass enclosure of the grandstand immediately above the paddock. The fast-track project was completed in only four months, in time for the opening of the racing season. Work was performed while the facility remained administratively operational. The scope of work included demolition of the existing structure, site work with tie-in to existing utilities, and a new cast-in-place concrete paddock with steel-supported metal-and-glass viewing area.


AQUEDUCT

## The Borgata Hotel & Casino
## Atlantic City, NJ

**Client:** Boyd Gaming Corporation and MGM Mirage

**Project Type**: New construction; casino/hotel

**Tishman Role:** Joint Construction Manager Tishman/Yates

**Square Footage:** 40 Floors, 2,002 Rooms and 4,600,000 SF

**Start/Finish:** Pre-construction 9/00 - 5/01
Construction 5/01 - 6/03

**Architect**: Marnell Architecture
Bower Lewis Thrower Associates

**Description/Significance**

The Borgata, a joint venture development between Boyd Gaming and MGM MIRAGE, was the first new hotel-casino to open in Atlantic City in 13 years. The 40-story, 30-acre complex features 2,002 guest rooms and suites, 122,000 square feet of gaming space, and 6,500 parking spaces. The resort also features a European-style spa, 11 retail stores, 10 restaurants, and modern banquet and special events facilities. The Borgata went from groundbreaking to occupancy in 33 months.

The Yates/Tishman team provided a full range of pre-construction and construction services for this challenging project. Four foundation mats totaling 24,600 square feet, almost 730 tons of reinforced steel rebar, and 8,460 tons of concrete were installed. The foundation also required a total of 3,803 piles, each weighing 225 tons, driven 65 feet into the dense sand underneath the site.

Tishman also managed the installation of two highly sophisticated security systems. The entire casino and adjacent areas are monitored by a 24/7 surveillance system that records all camera positions to a taped backup facility on the property. In addition, all critical areas (cage, hard count/soft count, dice and card storage, slot tech, and armored truck dock) are monitored and restricted to authorized personnel only. Access control is maintained by a card access system.


Borgata
WELCOME TO BORGATA


# CityCenter Las Vegas
# Las Vegas, NV

**Client:** MGM MIRAGE and Infinity World Development Corp, a subsidiary of Dubai World

**Project Type:** Hospitality/Gaming

**Tishman Role:** Executive Construction Manager

**Acres:** 67

**Square Footage:** 18 million

**Architect:** Pelli Clarke Pelli; Rockwell Group; Studio Daniel Libeskind; Kohn Pedersen Fox; Helmut Jahn; RV Architecture, LLC led by Rafael Viñoly; Fosters + Partners; and Gensler

**Description/Significance**

Tishman served as Executive Construction Manager on CityCenter, the joint venture between MGM MIRAGE and Infinity World Development Corp, a subsidiary of Dubai World, overseeing the construction of the mega-development situated on 67 acres in the heart of the Las Vegas Strip. This is the largest commercial development in the US and creates a city-within-a-city and redefines the famed Las Vegas skyline and experience.

CityCenter is collaboration between MGM MIRAGE and eight world-renowned architects. The project scope includes the 61-story, 4,004-room ARIA Resort & Casino designed by Pelli Clarke Pelli, featuring a convention center, a Cirque de Soleil production celebrating the music of Elvis Presley, and a complement of dining and entertainment offerings.

Other buildings include the 1,495 all-suite Vdara Hotel by RV Architecture, LLC led by Rafael Viñoly; Mandarin Oriental Las Vegas designed by KPF Associates, offering 400 hotel rooms and approximately 227 luxury residences; The Harmon, a boutique hotel designed by Foster + Partners and managed by The Light Group; the striking Veer Towers, leaning in opposite directions and designed by Helmut Jahn, will feature approximately 670 residences, and; Crystals retail and entertainment district, designed by Studio Daniel Libeskind, consisting of approximately 500,000 square feet of dining, entertainment, and retail.

The retail component, known as The Crystals, involved the construction of 80 core & shell "boxes" within a number of the complexes buildings including Aria, Harmon, Mandarin Oriental and Veer Towers. The total area of the retail development was 500,000 square feet, with over 100,000 square feet located within the main casino podium. The Crystals was designed by Studio Daniel Libeskind and David Rockwell and contains an unprecedented array of the world's elite high-end couture and luxury brands and restaurants including two concepts from Wolfgang Puck, Eva Longoria Parker's BESO VEGAS, Mastro's Ocean Club and an English Pub concept by Todd English.

CityCenter also introduces one of the world's largest and most ambitious corporate art programs. The $40-million Public Fine Art program features works by acclaimed artists including Maya Lin, Jenny Holzer, Nancy Rubins, Claes Oldenburg and Coosje van Bruggen, Frank Stella, Henry Moore, and Richard Long, among others.

The Tishman procurement team at CityCenter developed a different approach in order to leverage the buying power of the more than $8-billion development. The team has created a method that has led to significant savings through negotiating directly with domestic and international manufacturers of numerous building materials. The team created umbrella agreements that allowed local subcontractors to purchase materials directly from manufacturers around the globe at a pre-approved, pre-negotiated, point-of-purchase prices, resulting in substantial savings to the Owner. This model has proven to be highly effective, especially in the areas of copper tube and stainless steel pipe, lighting fixtures, millwork, curtain wall, conduit, carpet, stone and tile, glass, and doors.

## Empire City at Yonkers Raceway
## Yonkers, NY

**Client :** Yonkers Raceway Renovation of existing clubhouse and addition for video gaming machines Construction Manager Pre-construction 1/04 – 1/05

**Square Footage:** Renovation 275,000, New 110,000

**Start/Finish Construction:** 3/05 – 2006

**Architect :** Ewing Cole

**Description/Significance**

Tishman served as Construction Manager at Yonkers Raceway for the $150-million addition of a video gaming facility. The historic raceway (c. 1899) features a half-mile oval horse track for harness racing in Westchester Country. The scope of work included the construction of a new 110,000-square-foot building, the renovation of the existing 275,000-square-foot clubhouse and 95 acres of site improvements. The new work accommodates the 7,500 gaming machines, as well as food service and entertainment facilities.

As Construction Manager, Tishman was responsible for managing, supervising, and coordinating all aspects of the project during the pre-construction and construction phases, including logistical planning, scheduling, cost estimating and value engineering, design review, bid package preparation and negotiation, cost control, quality control/assurance, project administration, and site supervision.

POKER

## Harrah’s Atlantic City Casino Expansion
## Atlantic City, NJ

**Client:** Harrah’s Atlantic City

**Tishman Role:** Construction Manager

**Square Footage:** 58,000

**Description/Significance**

Tishman Construction Corporation built a 45,000-square-foot expansion of the Harrah’s Atlantic City Casino that increased the hotel’s casino space by 30 percent and added a new restaurant to the facilities. In addition, Tishman gutted and renovated 12,000 square feet of existing casino space to complement the new construction. The entire upgrade, including design and construction, was completed in 12 months — ahead of schedule — while maintaining full casino operations.

The first floor of the two-story addition houses 15,000 square feet of casino space, featuring 500 new slot machines and more than two dozen gaming tables as well as an 18,000-square-foot underwater theme restaurant with adjacent kitchen facilities, poker bar, and service bars. A 10,000-gallon, floor-to-ceiling aquarium — the backdrop for the poker bar — separates the casino from the restaurant.

The second floor comprises back-of-house space including mechanical and electrical equipment rooms, storage rooms, a hydraulic elevator, transformer room, and an aquarium support room with additional fish tanks.

Tishman’s team also managed the interior fit-out of all new and renovated spaces. One of the team’s biggest design challenges was to duplicate the ceiling configuration of the existing casino space — which consists of a complex series of curved ceiling lines and soffits — in the new casino space.

Renovation of the existing casino space entailed the removal of all mechanical, electrical, fire protection, security and audiovisual systems, followed by the installation of all new systems. Before proceeding with the project, Tishman demolished an office building which occupied the site, and relocated all existing underground utilities in the footprint of the new building.

The steel-framed building is enclosed with a pre-cast concrete facade in order to match the exterior of the existing casino building.


Harrah's
Harrah's
Harrah's

## Saratoga Racetrack Renovation Project
## Yonkers, NY

**Client:** The New York Racing Association

**Tishman Role:** Construction Manager

**Square Footage:** 15,000

**Description/Significance**

Tishman served as construction manager for this renovation project at Saratoga Racetrack. Two entrance gates were demolished and replaced, and a new administration building and jockey house was constructed. The new building contains administrative offices and facilities for the jockey’s including locker rooms, weight rooms, and physical therapy suites and training facilities.

## One World Trade Center
## New York, NY

**Client:** Port Authority of New York and New Jersey

**Tishman Role:** Construction Manager

**Project Completion:** 2012

**Architect:** Skidmore, Owings & Merrill

**Description/Significance**

Reclaiming the downtown skyline and reasserting lower Manhattan as a preeminent business district, One World Trade Center is located in the northwest corner of the 16-acre World Trade Center site, bounded by Vesey, West, Washington and Fulton Streets. Reaching a height of 1,776 feet, the building will incorporate the latest innovations in life safety systems, structural engineering and environmental responsibility.

One World Trade Center's program calls for 2.6 million square feet of office space as well as tenant amenity spaces, observation decks, world-class restaurants and the Manhattan Television Alliance (MTVA) broadcast and antennae facilities, all supported by both above- and below-grade mechanical infrastructure. Below-grade shopping and access to the PATH and subway trains and the World Financial Center are also being built.

The project is also striving to achieve LEED® Gold certification through the use of renewable energy sources, low energy HVAC solutions, high performance, non-ozone-depleting chemicals, high-performance façades, sustainable materials and rainwater collection and recycling systems. The building incorporates an advanced life safety system that exceeds the requirements of the New York City Building Code. To optimize egress and firefighting capacity, Tishman is building extra-wide pressurized stairs, low-level emergency lighting and concrete protection for all sprinklers and emergency risers are being provided, in addition to interconnected redundant exits, additional stair exit locations at all adjacent streets and direct exits to the street from tower stairs. All of the building's life-safety systems are encased in a three-foot-thick core wall.

Like 250 Greenwich Street (7 World Trade Center) One World Trade Center will essentially be two buildings in one: a utility-filled concrete pedestal topped by an office tower with a glass curtain wall. The first 30 feet of the 200-foot-tall pedestal is completely solid, with no windows. The next 50 feet has some openings, allowing light to be brought into the lobby from above. The rest of the base will be occupied by mechanical equipment.
Office tenants will enter the building from the north or south, through lobbies on Fulton and Vesey Streets. Visitors headed to the observation decks will arrive across a plaza on the west side of the building.

The main shaft of One World Trade Center begins as a 200-by-200-foot square. As it rises, the corners will be cut away, creating an octagonal floor plan through the middle of the building. Depending on the viewer's perspective, the structure might appear to be as rectangular as the original Twin Towers. Seen from an oblique angle, however, it would appear to slope like an obelisk.

The tower will meet or exceed the 2006 building-safety design recommendations announced by a federal panel, the National Institute of Standards and Technology, after an analysis of the factors that caused the collapse of the Twin Towers in the terrorist attacks of Sept. 11, 2001. Elevators, sprinkler systems and electrical conduits in the building will all be protected in a central core of 2-foot-thick concrete. And an extra stairway will be provided for rescue workers to enter the building even while tenants are leaving.

One of the main enhancements of this building over others is the hardening of the base of the tower against vehicle-borne explosives, since cars and trucks have proven to be an effective way of delivering large explosive charges. One World Trade has a solid concrete core with walls more than 2 feet thick, and a robustly redundant braced steel frame. Above the base, the glass sheathing of the building will be hardened against explosive overpressures with tempered, multilaminated sheets of blast-resistant plastic, especially on the west facade facing West Street-Route 9A. Thanks to the use of low-iron, water-white glass - panes that minimize the conventional greenish hue - the sections of laminate will be just as transparent as glass on the other facades.

## The Borgata Water Club Hotel, Casino & Spa
## Atlantic City, NJ

**Client:** Boyd Gaming Corporation/ MGM Mirage

**Project Type:** New construction, Tower, Casino, Fine

Dining, Garage and Retail Expansion

**Tishman Role:** Construction Manager with Yates

**Start/ Finish:** Low Rise 12/04 - 5/06, Garage 8/05 - 11/06, Tower 12/05 - 4/08

**Square Footage:** Tower 39 Floors / 830,000 SF / 800 Rooms; Low Rise 3 Floors / 330,000 SF; Garage 1,600 spaces

**Architect:** BLT/CLA, a Joint Venture

**Description/ Significance**

Tishman Construction, in a joint venture, served as Construction Manager for The Water Club expansion at the Borgata Hotel, Casino and Spa. The boutique hotel, which connects to the original Borgata, includes 800 rooms, a 36,000-square-foot, two-story “spa in the sky,” 30,000 square feet of meeting/conference space, and a 1,600-car garage. This sophisticated yet playful environment includes a multitude of custom water features throughout the property.

The interior finishes include more than 40 varieties of woods and more than 60 different types of stones and tiles. Richly carved walnut, eucalyptus and mahogany contrast with the French limestone throughout the lobby, meeting rooms and indoor pool. The spa is filled with extremely rare and uniquely grained Black Limba from the Ivory Coast of Africa -- a material not commonly used in America. There are also 35 luxury suites, each with their own massage room, laden with Pau Ferro and Sapeli woods, onyx, marble, granite and colored glass.

The foundation of the tower stands on 65-foot steel piles that are driven into the ground, as in the original structure's foundation. The hotel required the installation of roughly 900 piles, while the garage stands on 215. The hotel has a façade of metal and glass, similar to the existing Borgata building, which Tishman also built.

The close proximity of the construction site to the existing hotel and casino required special care by the Tishman team. Work was phased, scheduled and executed so as to minimize any interruptions to the Borgata’s operations. Since MEP services for the expansion tap into the existing utilities, care was taken to ensure that the operations of these utilities were not compromised during construction. Since the Borgata is never closed, this was a challenging endeavor.


THE WATER CLUB
Borgata

## World Trade Center Transportation Hub
## New York, NY

**Client:** Port Authority of New York and New Jersey

**Tishman Role:** Joint Venture Construction Manager

**Architect:** Santiago Calatrava

**Project Completion:** 2014

**Description/Significance**

Tishman, in a Joint Venture with Turner Construction, has been contracted by the Port Authority of New York and New Jersey to complete the construction of the new World Trade Center PATH Terminal, designed by world-renowned architect Santiago Calatrava. The prior contractor was removed by the agency.

Prior to September 11, 2001, more than 150,000 pedestrians traveled through the World Trade Center complex each day, including over 100,000 daily PATH and subway riders. The future World Trade Center HUB will act as a gateway to lower Manhattan, potentially for as many as 250,000 pedestrians daily (upon full build-out of the WTC site). Currently there are 40,000 commuters that use the temporary PATH Station on a daily basis.

The World Trade Center HUB will include sub grade pedestrian connections that will connect the PATH system with the New York City Transit (NYCT) subway system, surrounding site development, and other transit facilities. These connections extend from the WTC site into the World Financial Center's Winter Garden on the west; the planned MTA/NYCT Fulton Street Transit Center on the east; 7 World Trade Center and TriBeCa to the north; and Wall Street and the Financial District on the south.

**TISHMAN REFERENCES**

Boragata Hotel & Casino
Tom Ballance
SVP of Development
One Borgata Way
Atlantic City, NJ 04801
609-317-8082

One World Trade, World Trade Center Transit Hub
Christopher O. Ward
Executive Director
Port Authority of New York and New Jersey
225 Park Avenue South, 15th fl.
New York, NY 10003
212-435-7271

Yonkers Raceway
Bob Galterio
General Manager
810 Central Avenue
Yonkers, NY 10704
914-968-4200

**Daniel Tishman**
Chairman and CEO, Tishman Construction Corporation

Daniel R. Tishman is Chairman of the Board and Chief Executive Officer of Tishman Construction, one of the largest and most experienced builders in the world. The firm was founded in 1898 and has remained at the forefront of the industry under Mr. Tishman's leadership. Tishman Construction provides construction and project management, owner's representation, and other construction-related services to a diverse array of clients across the United States and in the United Arab Emirates.

Mr. Tishman is also Vice Chairman and a member of the Board of Tishman Hotel & Realty LP, which develops, owns and manages a private portfolio of hospitality properties.

Mr. Tishman has worked in real estate development and construction for over 25 years and has been a major force behind the green building movement. Under his leadership, Tishman managed the construction of 4 Times Square, the first green skyscraper in New York City, and 7 World Trade Center, the first office tower in New York City to be certified under the Leadership in Energy and Environmental Design (LEED) rating system. Tishman Construction recently completed construction of One Bryant Park, a green skyscraper seeking LEED Platinum certification, and the LEED-Gold certified CityCenter, which is the largest and most sustainable mixed-use hotel, residential, retail and casino complex in the United States.

Mr. Tishman is a member of the Real Estate Board of New York and serves on the boards of the Real Estate Roundtable and the New York Building Congress. In 2006, he was appointed by Mayor Michael Bloomberg to New York City's Sustainability Advisory Board, which provided expertise and input for the creation of PlaNYC 2030, the blueprint for greening New York City.

Mr. Tishman is Chairman of the Board of the Natural Resources Defense Council, one of the world's leading environmental advocacy organizations. In 2009, he joined the Advisory Committee of the Export-Import Bank of the United States, an independent federal agency and the official export credit agency of the United States of America. He also serves on the boards of the Albert Einstein College of Medicine, National September 11 Memorial & Museum and UJA-Federation of NY.

Mr. Tishman holds a BS in Ecology and Planning from Evergreen State College and an MS in Environmental Studies from Lesley College.

**John F. Glynn, Senior Vice President**
Estimating

**Education**
MS/Real Estate Construction and Development, New York University
BS/Construction Management, Regional Technical College

**Summary**
As Senior Vice President of Estimating, Mr. Glynn has formulated budgets, determined cost control techniques, and provided cost evaluation for a myriad of projects. He is responsible for the development of all project budgets during the preliminary design phases in pre-construction consultation with the architect and owner. He determines budgets and cost control techniques used on each project and provides cost evaluation throughout design development to final bid documents. In addition, he is involved in pre-construction activities, scheduling, value engineering, and trade procurement. He has been an Estimator in Tishman's home office for the last 23 years of his 25-year career. Prior to joining Tishman he worked as a Quantity Surveyor/Scheduler for Taylor Woodrow Construction Corporation where he was responsible for take-offs, pricing and bid analysis, conceptual estimating, public bidding, value engineering, computer estimating, and updating computerized schedules.

**Experience**
**One World Trade Center, New York, NY:**
Tishman Construction is serving as Construction Manager for One World Trade Center, the 70-story, 2.6-million-square-foot tower that will reclaim the downtown skyline and enhance lower Manhattan's standing as a preeminent business district. Reaching a height of 1,776 feet, the building will incorporate the latest innovations in life safety systems, structural engineering and environmental responsibility. The project is striving to achieve LEED Gold certification through the use of renewable energy sources, low energy HVAC solutions, high performance façades, non-ozone-depleting chemicals, sustainable materials and rainwater collection and recycling systems. Mr. Glynn oversaw the estimating efforts for this project.

**Jacob Javits Center Expansion, New York, NY:**
Tishman is serving as Construction Manager for the refurbishment of a 700,000-square-foot structure originally designed by IM Pei and completed in 1986. The scope of work includes a new curtain wall system, new roof, upgraded building systems and amenities, and the build-out of additional meeting rooms and event space. Tishman is also serving as Construction Manager for a new 100,000-square-foot temporary structure being built adjacent to the existing Javits Center. This steel-framed building between 39th and 40th Streets will serve as swing space during the refurbishment of the main Javits building. Mr. Glynn oversees the estimating efforts for this project.

**3 Times Square, New York, NY:**
Mr. Glynn oversaw the estimating efforts for this 32-story, 855,000-square-foot office tower in Times Square. The building was wired for advanced communications and uses a great deal of energy-conserving technology. It also has retail components, outdoor video screens, signage, and a three-story lobby. Mr. Valeri supervised the interior work of all the public spaces.

**4 Times Square, New York, NY:**
Tishman Construction served as Construction Manager for 4 Times Square, the first office building to be developed within the 42nd Street Development Project. This 48 story, 1.6-million-

square-foot mixed-use tower was the also first green skyscraper built in New York City. Mr. Glynn oversaw the estimating efforts for this project.

**The Michael F. Price Center for Genetic and Translational Medicine, Albert Einstein College of Medicine, Bronx, NY:**
Tishman served as Construction Manager for The Albert Einstein College of Medicine's building program. The program consisted of five "smart projects" that Tishman is managing for the College. The largest of these is the construction of the Price Center, a new home for the Department of Genetic and Translational Medicine. Other components include: exterior renovation to the adjacent Forcheimer Building to create a new entry center, site utility relocations, new steam and communications services projects and master planning feasibility studies for campus expansion options. The Price Center project included new construction of a six-story, 210,000-square-foot research facility including a viviarum, lab space for 45 research teams, medical/research support spaces and a BSL-3 Lab. It also included underground shell space for vivarium expansion to over 40,000 square feet. The Price Center won McGraw-Hill *Construction* magazine's "Best Healthcare in the Nation" in 2008 and *Engineering News Record's* "Best of the Best – Healthcare" in 2009. Mr. Glynn was responsible for budget estimating.

**Borgata Hotel, Casino and Spa, Atlantic City, NJ:**
The Borgata, a joint venture development between Boyd Gaming and MGM MIRAGE, was the first new hotel-casino to open in Atlantic City in 13 years. The 40-story, 30-acre complex features 2,002 guest rooms and suites, 122,000 square feet of gaming space, and 6,500 parking spaces. The resort also features a European-style spa, 11 retail stores, 10 restaurants, and modern banquet and special events facilities. The Borgata went from groundbreaking to occupancy in 33 months. Mr. Glynn was responsible for budget estimating.

**Additional Experience**
- CityCenter, Las Vegas, NV
- Echelon, Las Vegas, NV
- Revel Casino and Resort, Atlantic City, NJ
- Aqueduct Race Track Casino, New York, NY
- Yonkers Race Track Casino, Yonkers, NY
- Lincoln Center Redevelopment, New York, NY
- The Westin New York at Times Square, New York, NY
- E Walk® on the New 42nd Street, New York, NY
- Rio Mar Beach Resort & Spa, a Wyndham Grand Resort, Rio Grande, PR
- Reuters North American Headquarters, New York, NY
- Condé Nast Headquarters, New York, NY
- Deloitte & Touche, New York, NY
- Big Five Accounting Firm "Smart Space" Offices, New York, NY
- Elevated Walkways, Logan International Airport, Boston, MA
- West Parking Garage, Logan International Airport, Boston, MA

**Leonard Gallina, Senior Vice President**
Project Executive

**Education**
BS/Architecture, New York Institute of Technology
AAS/Construction, New York City Community College

**Summary**
Mr. Gallina is responsible for the administration of construction projects, including project meetings, document control, progress reports, scheduling, project tracking, cashflow forecasts and cost. He maintains a constant dialogue with the client's designated personnel, with all consultants, vendors, and with other relevant project team members to control job progress, coordination, budget and quality.

In addition, he is responsible for Tishman's activities relating to the review, value engineering, bid and award, and installation of mechanical/electrical systems, including HVAC, plumbing, sprinklers, fire- and life-safety, and telecommunications equipment. Mr. Gallina has an extensive background in mixed-use buildings and systems installation.

He has been with the Tishman team since 1982. Mr. Gallina is also the co-author of *Estimating and Cost Control in Plumbing Design*, a technical guide published by Van Nostrand Reinhold.

**Experience**

**Empire City at Yonkers Raceway, Yonkers, NY:**
Tishman served as Construction Manager for the addition of a video gaming facility. The project included the renovation of the existing 275,000-square-foot clubhouse, construction of a new, "out-of-the-ground" 120,000-square-foot, single-story building and 98 acres of site improvements to accommodate a New York State lottery gaming facility with 5,500 gaming terminals, foodservice facilities and an entertainment venue. Mr. Gallina served as Project Executive.

**Harlem Children's Zone, Harlem, NY:**
Serving as Corporate Executive, Mr. Gallina oversaw construction of a new 100,000-square-foot school and community center in Central Harlem. The building houses a comprehensive science and technology charter school as well as free dental and medical clinics. Over 20,000 square feet is designated for commercial space and offices for Harlem Children's Zone, an organization dedicated to providing comprehensive social, educational and recreation services to the residents of Central Harlem.
Goodwill Games Swimming and Diving Complex, East Meadow, NY: As Project Executive of the pre-construction and construction phases of this new 80,000-square-foot aquatic complex, Mr. Gallina oversaw the construction of two Olympic-size pools and all ancillary spaces, including training rooms, lockers, restrooms, administrative spaces and mechanical areas. During the construction phases, Mr. Gallina supervised the Tishman team in monitoring various trades.

**New York Public Library Expansion and Bryant Park Restoration, New York, NY:**
Tishman managed construction of the main branch new underground expansion beneath historic Bryant Park in midtown Manhattan, while simultaneously reconstructing the landmark park itself. The two-level, 120,000-square-foot expansion is linked to the library's existing building by a 120-foot long tunnel. Tishman's role in overseeing the complex extension called for special logistical, structural, and mechanical considerations. Since the site is located adjacent to an active subway line, the project team seismically monitored excavation work to avoid disrupting subway service. In addition, ground water found below the site necessitated the installation of an advanced waterproofing system and

sophisticated temperature and humidity control systems to protect the library's collection. An advanced fire-safety system was also installed to minimize possible water damage to books in the event of a fire. Mr. Gallina served as Systems Project Executive.

**Flushing Development, Flushing, NY:**
Tishman is providing pre-construction services for a project that calls for the creation of a new town square, approximately 500 residential units, 350,000 square feet of retail space, a business-class hotel, a community center, recreational facilities and new parking. Mr. Gallina is serving Project Executive.

**Manhattan Mall, New York, NY:**
Mr. Gallina was the Project Executive responsible for $35-million, demolition, and core and shell upgrade project. Project includes fit-out of office space, food court, retail and preparation for office tenants.

**Times Square Studios at 1500 Broadway, New York, NY:**
Mr. Gallina served as Project Executive for this 70,000-square-foot fit-out and complete structural and mechanical/electrical, façade and infrastructure renovation. He negotiated contracts and had overall responsibility for the project.

**Carnegie Hall Studio Tower Renovation, New York, NY:**
Mr. Gallina was the Project Executive in charge of the phased renovation of the 100-year-old, 160,000-square-foot studio tower buildings that flank the main performance hall at Carnegie Hall (renovated by Tishman in 1986). He had overall responsibility for the project, including negotiating contracts and acting as liaison between the field staff and in-office professionals. The renovation included upgrades of the public areas, including bathrooms and corridors; replacement of the 100-year-old plumbing, electrical and heating systems; replacement of the 120 occupied, private studio bathrooms and mechanical/electrical; and the windows and elevators.

**New School for Social Research Base Building Upgrade, New York, NY:**
Mr. Gallina served as Project Executive for the 85,000-square-foot conversion of an office/warehouse building for use by the University in Greenwich Village. The infrastructure renovation included the installation of more efficient electrical service and distribution, addition and replacement of new cooling towers and protection, plumbing, windows, elevators and an emergency generator. Mr. Gallina oversaw the fit-out of four floors, including mechanical, electrical and life-safety systems in the renovated administrative, classroom and performance hall spaces as well as in the computer center which has new and separate environmental systems, and a UPS enclosure.

**Rockefeller Center Building Systems Upgrade, New York, NY:**
Mr. Gallina was the Project Executive in charge of managing the installation of three sophisticated building management systems of the 15 buildings housed within the Rockefeller Center Complex. The facets of the project included the $9.5-million security package, the $12.5-million environmental control and fiber optic cable system package, the smoke control systems, and the $15-million fire alarm system. Another facet of the project included the renovation/modernization of the existing control center building, plus the control and security systems at the main desk, while the center remained in full operation. Tishman was responsible for detailed pre-construction phasing plans, value engineering, scheduling, contracting, coordinating occupied areas, and quality control throughout the projects.

**Jay G. Badame**
Regional President and Chief Operating Officer of Tishman Construction in New York, New Jersey and Pennsylvania

**Education**
BS/Civil Engineering, Pennsylvania State University

**Summary**
Jay Badame has more than 32 years' diversified construction industry experience, including 25 years with Tishman. Mr. Badame joined Tishman in 1985 as a Project Engineer on the South Street Seaport project in Manhattan. He quickly rose through the ranks of the Tishman organization by continuously demonstrating a thorough understanding of how to manage work effectively on a wide range of projects. In 1993, Mr. Badame was put in charge of Tishman's New Jersey, Pennsylvania and Delaware operations. In this role, Mr. Badame led Tishman's efforts on several major, multi-million-dollar projects, such as the JFK International Airport Redevelopment Program, the Continental Airlines Global Gateway Program at Newark Liberty International Airport, Rutgers University RUNet Program, New Jersey Transit's Hoboken Terminal and Rail Yard Complex Redevelopment, the FBI headquarters in Newark, the new Atlantic City Convention Center, and the Borgata Hotel, Casino & Spa in Atlantic City. As Regional President and Chief Operating Officer of Tishman Construction in New York, New Jersey and Pennsylvania, Mr. Badame is participating in such landmark projects as the new One World Trade Center, as well as 7 World Trade Center, One Bryant Park/Bank of America Headquarters, and THE Tunnel, a rail tunnel component of the Access to the Region's Core (ARC) project linking New Jersey to midtown Manhattan. In 2002, he oversaw the opening of Tishman's regional office in Philadelphia.

Under Mr. Badame's leadership, Tishman has expanded its role as a major residential project builder in the New York/New Jersey marketplace with such projects as 123 Washington Street, Four Seasons Hotel and Private Residences, Hilton Grand Vacation Club, and Spring Street Development to name a few.

Mr. Badame is currently participating in the Department of Environmental Protection's Blue Ribbon Panel on Construction Costs, and served on the Blue Ribbon Panel on Construction Excellence for the Metropolitan Transit Authority. These panel discussions were mandated by the Governor to help guide the agencies on suggestions for alternative approaches to project delivery and potential means to mitigate cost risks prior to bidding or during construction, while expanding the pool of competitive bidders.

**Robert Accardi, Executive Vice President**
Project Executive

**Education**
BS/Mechanical Engineering, Fairfield University

**Summary**
Throughout his 38 years in the construction industry, including more than 31 with Tishman, Mr. Accardi has managed a multitude of assignments as Project Executive and now is Executive Vice President. In this supervisory position, he works closely with the Owner/Client, serving as a project liaison, his objective being to achieve the most expeditious project completion and to take responsibility for overall quality. Utilizing his project staff on a continuous basis, Mr. Accardi also calls upon the resources of Tishman's in-house Pre-construction Consulting Group for critical input in the decision making process and in order to meet project requirements.

**Experience**

**Aqueduct Racetrack Casino Project, Jamaica, NY**:
Tishman provided pre-construction services for the renovation of the existing facility to accommodate MGM MIRAGE. The project was to include a covered pedestrian bridge expansion that would bring patrons to a new 100,000-square-foot casino floor including 4,500 video lottery terminals, a 105-seat lounge, a 27-seat bar, two standing bars, two service bars, two kitchens adjacent to a 250-seat concession area, newly renovated men's and women's rest room facilities and casino support space. Also to be included were new escalators and elevators, new plaza, new water feature, self park and valet parking lots, new service roads and circular driveways to a new porte cochere. New exterior finishes were to include a decorative metal panel wall at the front entrance tied into the restored existing building façade, roofing modifications and protection over the grandstand seating. The project was put on hold in 2004, pending EIS (Environmental Impact Statement) approval and funding. This project included NYS SEQRA issues; design, scheduling, and permitting; procuring mechanical/electrical/plumbing trades; and the pre-purchase procurement of escalators/elevators, switchgear, generators and roof top units. Mr. Accardi served as Corporate Executive.

**Abu Dhabi Golf Club Resort, Abu Dhabi, UAE**:
Tishman is serving as Project Manager/Cost Consultant for the Abu Dhabi Golf Resort and is currently providing quantity surveys, design and schedule consultation. At the destination's heart will be the 148-room, five-star Westin Hotel & Spa; meeting facilities for up to 400 people; ballroom, conference and boardrooms and business centre; a 27-hole championship golf course, academy and clubhouse; pool and gymnasium; squash courts; and a tennis academy. Mr. Accardi is currently providing corporate oversight.

**Angsana Resort and Spa, Eastern Mangroves, Abu Dhabi, UAE**:
Tishman is serving as Project Manager/Cost Consultant for Angsana Resort and Spa Eastern Mangroves and is currently providing quantity surveys, design and schedule consultation. The resort will deliver a world class lifestyle and tourist destination that will contribute to the preservation of the valuable Eastern Mangrove area. Designed in line with strict eco-guidelines, the resort ethos is sensitive to both the eco-balance of the natural mangroves and its guests' desires. It includes 223 hotel rooms; 52 luxury three-bedroom apartments; 92 marina apartments; 77 chandlery apartments; marina facilities; quayside promenade; signature spa; interpretation centre; retail outlets; and dining and entertainment. Mr. Accardi is currently providing corporate oversight.

**Sands Bethworks, Bethlehem, PA**:
Mr. Accardi served as a Project Executive for the pre-construction phase on the new Sands Bethworks project that will be a multifaceted shopping, dining, hotel, entertainment and casino complex.

**Four Seasons Hotel, Phases 1 and 2, New York, NY**:
Revisiting its initial role as Construction Manager of this 52-story midtown Manhattan landmark, Tishman managed a renovation of the top two floors of premier suites in order to further raise the luxurious standards of this five-star hotel. I.M. Pei designed the original hotel, but due to a change of ownership and design direction during the initial construction, his vision for the top floors was never fully realized. When the hotel ownership changed hands again, Mr. Pei was given a chance to implement his initial design of these top floors. The completion of the design called for the creation of two 1,550-square-foot suites on the 51st floor and one 3,000-square-foot presidential suite on the 52nd floor. Mr. Accardi served as Project Executive for both the original construction and renovation.

**Aladdin Resort and Casino, Las Vegas, NV**: The scope included the construction of a 2,600-room hotel; a 116,000-square-foot casino; the Desert Passage, a 500,000-square-foot retail and entertainment development; renovation of the 7,000-seat Aladdin Theater of the Performing Arts; and the construction of an 11-story garage with 5,000 parking spaces. Mr. Accardi served as Project Executive.

**Mountain Spa, Las Vegas, NV**: Mr. Accardi was the Project Executive for the construction of this mixed-use development.

# INSERT

# TAB

*SOSH*

SOSH

architecture
interiors
planning

**SOSH ARCHITECTS** was founded in 1979 on the core conviction that quality design continually rewards the community, the client, and the design team. The firm has steadily grown from a company of four partners, to its current size of approximately 50 professional and support personnel engaged in the execution of major design and architectural commissions worldwide. Our philosophy drives a design process that values exploration and the contributions of multiple voices consistent with our belief that the best design solutions are the result of thoughtful collaboration.

SOSH's principals, Thomas J. Sykes, Thomas J. O'Connor, William A. Salerno and Nory Hazaveh, continue the commitment of personal involvement in each project. With offices in Atlantic City and New York, SOSH has established a worldwide reputation for master planning, architectural design, interior design and strong project management. SOSH's success is based on the passion and purpose we bring to every design opportunity. We challenge convention, explore options and generate the kind of unexpected solutions that are the hallmark of our practice.

Over the last 30 years, SOSH Architects has developed a reputation for completing outstanding work for some of the world's most elite hospitality, gaming & entertainment clients. While we have amassed decades of design experience, we approach each project as if it is our first. As a result, our clients receive a fresh perspective and a unique approach to their design challenges.

**CLIENTS**

29 PALMS BAND OF MISSION INDIANS
AQUEDUCT RACEWAY
BALLY'S ENTERTAINMENT
BET INVESTMENTS
CACHIL DEHE BAND OF WINTUN INDIANS
CABAZON BAND OF MISSION INDIANS
CAESARS
CROWNE PLAZA HOTELS & RESORTS
DISNEY REGIONAL ENTERTAINMENT
DELAWARE PARK
EIGHTH WONDER
FANTASY SPRINGS RESORT CASINO
FOREST CITY ENTERPRISES
FOXWOODS
GILA RIVER INDIAN COMMUNITY
HARD ROCK ENTERTAINMENT
HARRAH'S ENTERTAINMENT
HILTON HOTELS CORPORAJON
ISLE OF CAPRI CASINOS
KALISPEL TRIBE
LE MÉRIDIEN
MARRIOT
MASHANTUCKET PEQUOT TRIBAL NAJON
MGM MIRAGE
MOHEGAN SUN
NEW YORK RACING AUTHORITY
NOVOTEL HOTELS
REVEL ENTERTAINMENT
SEMINOLE TRIBE OF FLORIDA
SHOWBOAT
SOFITEL HOTELS
STARBUCKS
STARWOOD HOTELS & RESORTS
STORM INTERNAJONAL
THE SENECA NAJON OF INDIANS
TROPICANA CASINO & RESORT
TRUMP ENTERTAINMENT
WESJN
WYNDHAM HOTELS & RESORTS
YAVAPAI-APACHE COMMUNITY

# Harrah's Chester Downs Racino
# Chester, Pennsylvania

architecture
interiors
planning
SOSH

**CLIENT**
Harrah's Entertainment

**SIZE**
1,700,000-square-feet

**COST**
$350,000,000

**COMPLETION DATE**
January 2007

**PROJECT DESCRIPTION**
A new casino and racetrack features live harness racing on a 5/8 mile track and all racing support venues including simulcast, a tiered clubhouse and grandstand facilities. The 2,750 slot casino is complete with VIP areas, lounges, restaurants and BOH support areas. A new 3,500 car parking garage, 60,000-square-foot paddock and administrative buildings total 1.7 million square-feet.

# Reign Bayonne OTW
# Bayonne, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**

New Jersey Sports & Exposition Authority

**SIZE**

38,000-square-feet

**BUDGET**

$16,000,000

**COMPLETION DATE**

Expected 2011 Opening

**PROJECT DESCRIPTION**

Reign Bayonne Off Track Wagering facility is a one of kind project that pushes the limits of sustainability for its type. The over 38,000-square-foot facility is comprised of three simulcast wagering areas, restaurant and bar, administrative offices, and a mezzanine level lounge area with an adjacent outdoor deck amenity and roof garden. Some of the project highlights include remediation of the existing brownfield site, high efficiency plumbing fixtures, and mechanical units with energy recovery. Since the nature of the building is closely related to the gaming industry, there are many necessary design factors that make it challenging to achieve LEED silver certification. For most buildings, allowing natural light into each space is a positive design feature. However, in OTWs, natural light should be minimized to prevent glare on the many TV screens in the simulcast areas. Therefore, window placement was strategically designed to allow natural light into specific spaces to accentuate the experience without compromising functionality. Also, due to the many TV screens, individual wagering stations, and lighting, the heat rejection was very high, making it difficult to achieve points through energy performance. Another challenge was light pollution reduction. In most new projects, this credit is relatively easy to achieve, however due to the location of the site directly on a highway at the entrance to the city, the design calls for the building to stand out as a beacon at night while welcoming people to the city. Finally, balancing the budget with LEED silver certification is a major challenge to overcome. Many of the design credits can add significant cost to the project versus traditional construction.

# Revel Entertainment Resort & Casino
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Revel Entertainment

**SIZE**
6,000,000-square-feet

**BUDGET**
$2,000,000,000

**COMPLETION DATE**
Anticipated 2011 opening

**PROJECT DESCRIPTION**
SOSH Architects serves as Associate Architect for Revel Entertainment's Atlantic City resort development project. At the conclusion of construction, the facility will reach a total of 6.0 million square-feet and will include two hotel towers, 150,000-square-feet of casino space and 500,000-square-feet of dining, retail and entertainment space including a theater, health club and spa, meeting space and an outdoor oceanfront beach. SOSH is working in collaboration with Arquitectonica (Design Architect) and BLT (Architect of Record).

# Hard Rock Cafe - Times Square
# New York, New York

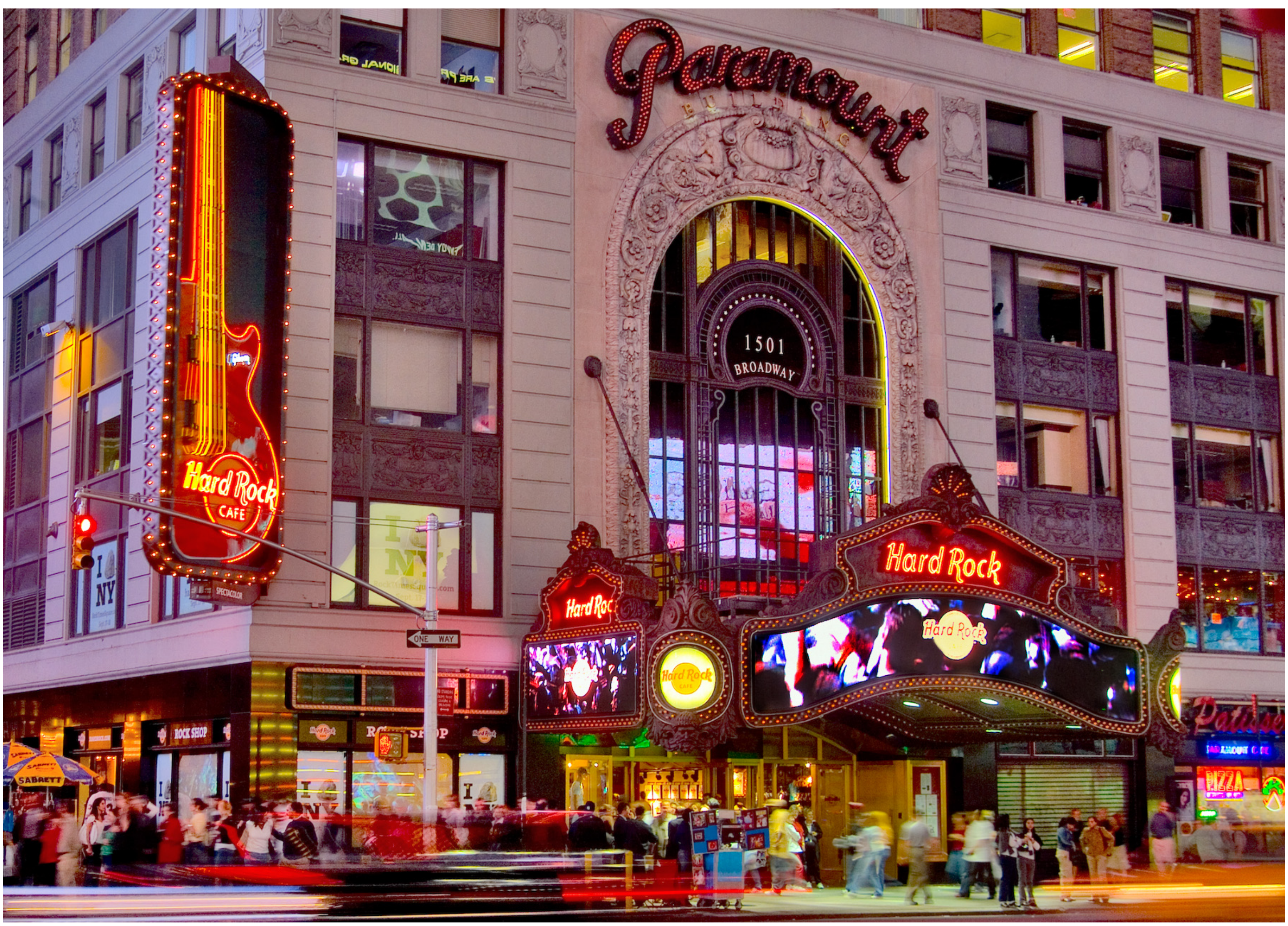
architecture
interiors
planning
SOSH

**CLIENT**
Hard Rock Cafe International, Inc.

**SIZE**
40,000-square-feet

**COST**
$6,000,000

**COMPLETION DATE**
August 2005

# Disney ESPN Zone
# New York, New York

architecture
interiors
planning
SOSH

**CLIENT**
Disney Regional Entertainment

**SIZE**
10,000-square-feet

**COST**
$24,000,000

**COMPLETION DATE**
1999

**PROJECT DESCRIPTION**
Designing the ESPN Zone in New York's Times Square was a sport of sorts: fit a 42,000-square-foot restaurant, bar, entertainment and retail facility into a 10,000-square-foot area. The solution: go high and design four separate floors with an open, visible floor plan allowing visitors to see what awaits them on the upper floors. A strict timetable demanded that the project open in September 1999 and as always, SOSH met the deadline. The project has been so successful that the client has engaged SOSH to do design enhancements on the facade.


# Spice Road at Trump Taj Mahal
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Trump Entertainment Resorts

**SIZE**
100,000-square-feet

**COST**
$25,000,000

**COMPLETION DATE**
2008

**PROJECT DESCRIPTION**
This newly renovated promenade consists of a 2 phase renovation of the existing entry from the public parking garage to the main casino. From hamburgers to salt water taffy, and from 24-hour dining to upscale flowers and gifts, Spice Road includes a variety of shops and restaurants. By consistently using natural materials, and by varying the colors and choice of materials from space to space, SOSH created a distinct atmosphere for each restaurant and shop, while developing continuity and cohesiveness throughout.


# Rumba Lounge at Tropicana
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

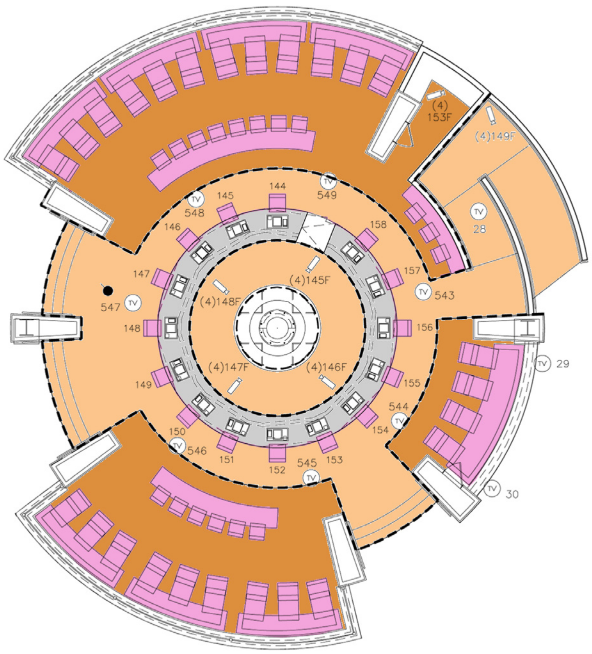
**CLIENT**
Tropicana Casino and Resort

**SIZE**
6,500-square-feet

**COST**
$3,500,000

**COMPLETION DATE**
July 2008

**PROJECT DESCRIPTION**
The Rumba Lounge at Tropicana is a 6,500-square-foot circular bar and lounge placed in the middle of the existing casino. The aesthetics were a contemporary interpatation of the Cuban Havana style of 1930's, using the rich colors and mosaic patterns on the floor, walls and ceiling. A continuous changing LED light source in the ceiling and back lighting the mosaic pattern grill. Since opening in July of 2008, the bar has become the central feature on the casino floor.




# Fantasy Springs Resort Casino Expansion & Town Center
# Indio, California

architecture
interiors
planning
SOSH

**CLIENT**

Fantasy Springs Resort Casino

**SIZE**

280,000 square-foot retail, dining, and entertainment area, 500 room hotel tower

**COST**

Undisclosed

**PROJECT DESCRIPTION**

This phased resort expansion will replace the existing casino with a new 250,000-square-foot casino, featuring slots, gaming tables, poker tables, steakhouse, Asian Bistro, Ultra Lounge, and a Grab and Go food outlet. The existing 250 room hotel tower will be enhanced by a new 500 room hotel tower. A 200 room golf resort village will be constructed adjacent to the recently completed 18 hole golf course. A spa/wellness center and golf clubhouse will be constructed adjacent to the existing 4,000 seat event center.

SOSH is currently completing a retail lifestyle center on 60 acres adjacent to the Fantasy Springs Resort Casino. Phase 1 of the complex will contain 280,000-square-feet of retail, dining, and entertainment venues to compliment the adjacent golf resort and casino.




# Savaradios Restaurant
# Linwood, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**

Storm Savage, LLC

**SIZE**

20,000-square-feet

**COST**

$6,000,000

**COMPLETION DATE**

2004

**PROJECT DESCRIPTION**

A new 20,000-square-foot restaurant with a Tuscan theme and setting, which has been expressed on both the interior and exterior of this facility. The first floor level provides private dining, which seats 12, a large main dining room to accommodate 94 patrons and a large bar for 35 with casual seating at tables for 50 adjacent to the bar with entertainment. Adjacent to this area is an outdoor dining terrace serviceably from the bar. As a main feature, encompassed by a grand stair to the second level, is a Sushi Bar serviced directly from the main kitchen.

The second floor level provides a banquet facility with a large banquet room, which accommodates 128 seats subdivided into a smaller room with an additional 24 seats for meetings and special events. This banquet facility also includes its own kitchen and a lobby bar with casual seating for pre-function accommodations. Adjacent to the main banquet room and the pre-function lobby bar are 8'-0" high decorative wood and glass French doors extending onto outdoor balconies.

# Seneca Buffalo Creek Casino Resort
# Buffalo, New York

architecture
interiors
planning
SOSH

**CLIENT**

Seneca Tribe of Indians

**SIZE**

206 room hotel tower, 153,000-square-feet of gaming, retail, and entertainment space

**BUDGET**

$265,000,000

**COMPLETION DATE**

Under Construction

**PROJECT DESCRIPTION**

At Buffalo Creek Casino Resort patrons will experience the dynamic and exciting features of the tall, sophisticated 22 story, 206 room all-suites hotel which towers over the resort facilities. This entertainment resort provides approximately 80,000-square-feet of gaming space along with 4,000-square-feet of mixed-use retail areas, 60,000-square-feet of restaurants and entertainment venues. Other amenities include a 9,000-square-foot spa and salon, a VIP Lounge, and a business center with banquet/meeting areas.

# Spotlight 29 Casino
# Coachella, California

architecture
interiors
planning
SOSH

**CLIENT**

Private developer

**SIZE**

55-acre, 220,000-square-feet

**COST**

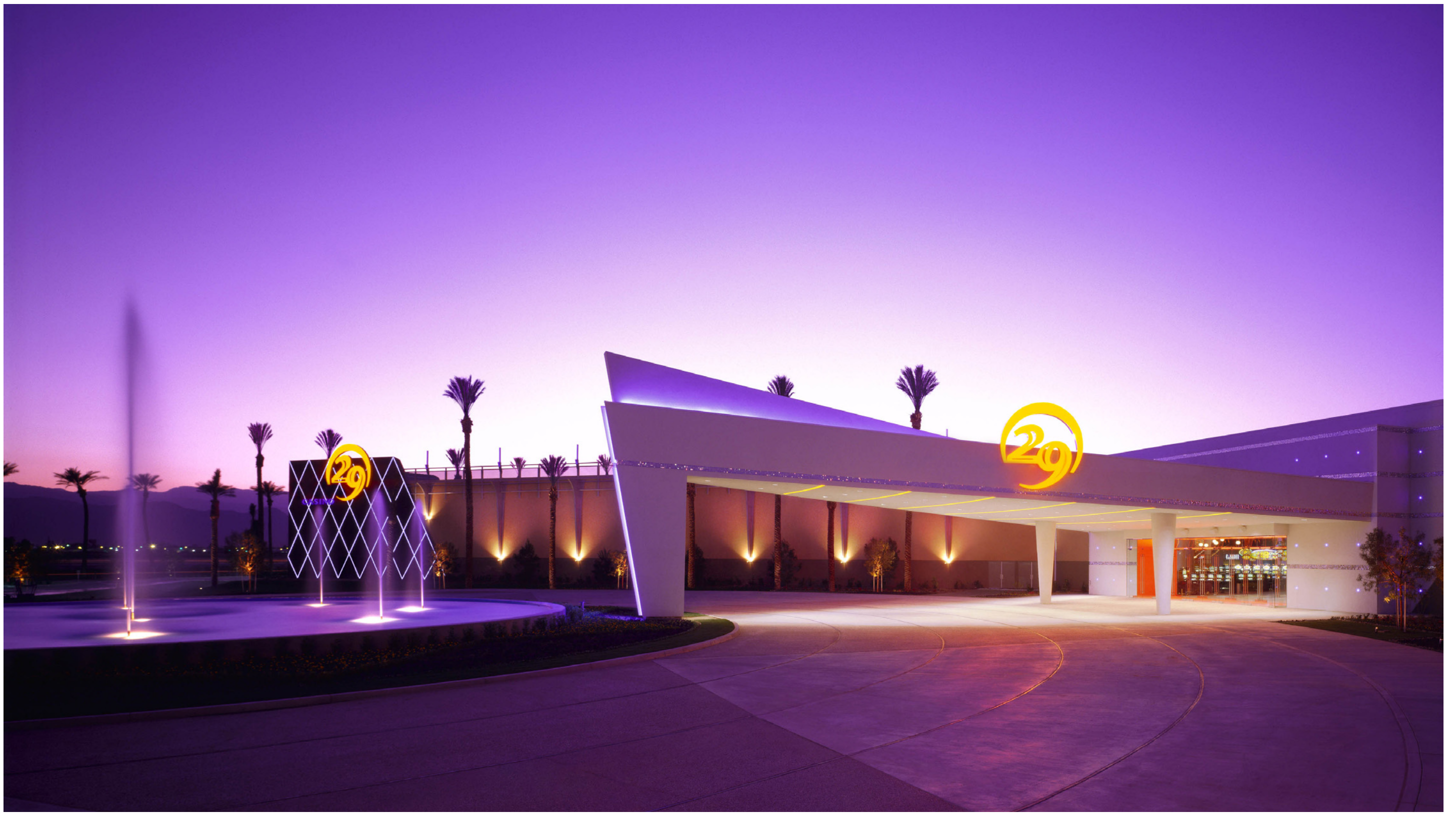
$60,000,000

**COMPLETION DATE**

2002

**PROJECT DESCRIPTION**

While most Indian casinos return to the history of their tribes for design inspiration, the design team developed a new concept for the Spotlight 29 Casino near Palm Springs, California. A major expansion of the original 80,000-square-foot facility, Spotlight 29 combines the glamour of 1960s Hollywood with the ageless quality of desert elements such as fire and water. A colorful palette of desert hues blend with wood, stone, glass and stainless steel, recalling the futuristic optimism that put Palm Springs on the map. Phase 1 of the project includes a 1,000,000-square-foot casino with 1,600 slots and 35 table games, a 24 hour dining oasis, a red-hot lounge, the Platinum Club, a sophisticated hideaway for frequent players, and the Medpool Room, a 5,000-square-foot entertainment venue. Phase 2 of the expansion, completed in the Fall of 2002, includes a 140 seat bistro, a food court and a 2,500 seat theater.



# Isle of Capri Hotel & Casino
# Waterloo, Iowa

architecture
interiors
planning
SOSH

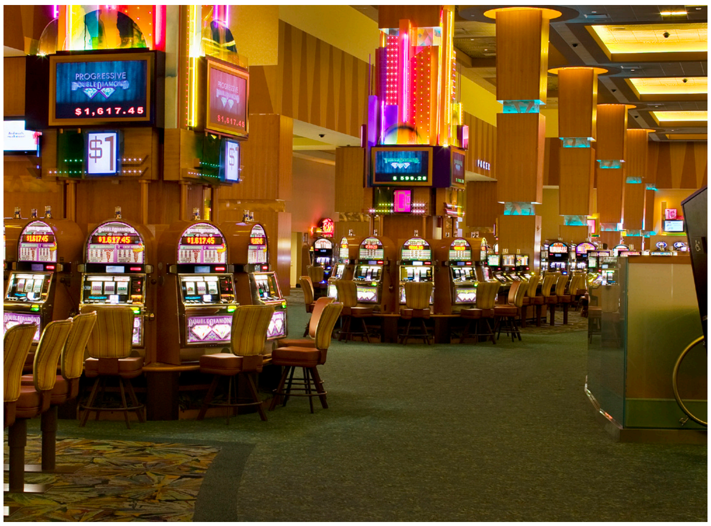
**CLIENT**
Isle of Capri Casinos

**SIZE**
120,000-square-feet

**COST**
$160,000,000

**COMPLETION DATE**
June 2007

**PROJECT DESCRIPTION**
The Isle of Capri project is a 50,000-square-foot casino with 1,400 gaming positions. The project also included a 200 room hotel tower, 70,000-square-feet of restaurants, enclosed pool, exercise room, meeting rooms, and retail. The construction cost was approximately $160 million and opened in June 2007.





# Shangri La Casino
# Moscow, Russia

architecture
interiors
planning
SOSH

**CLIENT**
Storm International

**SIZE**
300 slot machines and 30 table games with support areas

**COST**
$20,000,000

**COMPLETION DATE**
2004

**PROJECT DESCRIPTION**
This cultural and entertainment center is considered to be one of the best gaming experiences in Europe. It is located in historic Pushkinskaya Square in the cultural and business center in Moscow. Shangri La Casino was designed to offer the ultimate gaming experience and is consider to be Moscow's first boutique casino. This casino offers three gaming floors: the main gaming floor, the Macao floor and the X.O. VIP floor, a poker club and lounge. The casino also offers four bars and two award winning restaurants.


# New York Casino
# Moscow, Russia

architecture
interiors
planning
SOSH

**CLIENT**
Storm International

**SIZE**
25,000-square-feet

**COST**
Undisclosed

**COMPLETION DATE**
2005

**PROJECT DESCRIPTION**
The recently opened casino “New York Casino” was designed to offer a boutique casino experience. The casino offers the International traveler a sampling of the New York City, USA experience. It captures all the excitement and unique experiences that the Big Apple has to offer. From Times Square, and the skyline of the city to Radio City Music Hall and Central Park, the New York Casino interior brings the streetscape and action of NYC to the people of Moscow in a unique and interactive gaming experience.

# Caesars Transportation Center
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

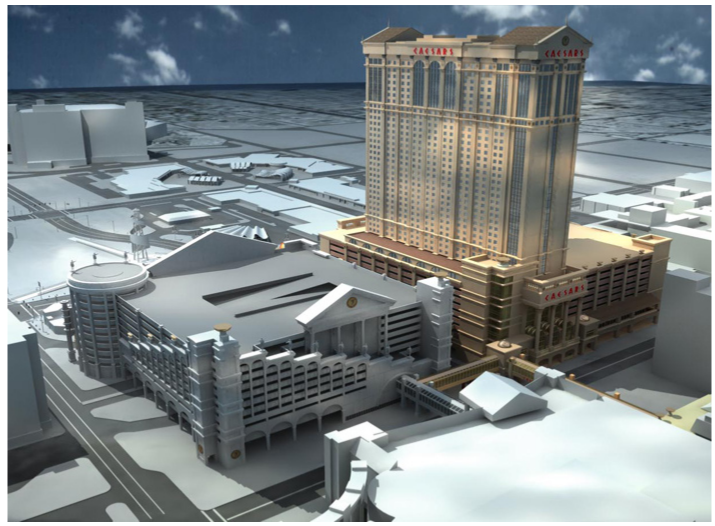
**CLIENT**
Harrah's Entertainment, Inc.

**SIZE**
3,200 car transportation center, 10-story hotel support structure

**COST**
$75,000,000

**COMPLETION DATE**
2005

**PROJECT DESCRIPTION**
Caesars Atlantic City contracted SOSH Architects to design a 3,200 car parking structure which will service the existing Caesars property, a new 900 room hotel tower which Caesars plans to construct, as well as the adjacent Bally's Wild West, adjacent AtlantiCare Regional Medical Center and Atlantic City Outlets The Walk.

# Tropicana Hotel - Havana Tower
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Aztar Corporation

**SIZE**
500 room hotel tower

**COST**
$110,000,000

**COMPLETION DATE**
2004

**PROJECT DESCRIPTION**
In 2000, when Aztar decided to expand the Tropicana Casino and Resort in Atlantic City, they retained Wimberly Allison Tong and Goo (WATG) who selected SOSH as Associating Architects and integral partner of the design and development team. The Cuban themed expansion includes 372,000-square-feet of retail space, world class restaurants and live entertainment venues and a new, signature 500 room tower.


# The Hilton Grand Tower Expansion
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Private Developer
**SIZE**
270,000-square-feet, 20 story, 320 room hotel tower
**COST**
$50,000,000
**COMPLETION DATE**
2004

**PROJECT DESCRIPTION**
The Hilton Grand Tower Expansion located on the boardwalk in Atlantic City, New Jersey consists of a new 270,000-square-foot, 20 story, 320 room addition. The existing 520 hotel rooms were also upgraded so that all rooms were first class QSU, casino quality. Podium levels were also increased to provide additional back-of-house support, an expanded porte-cochere, new retail, dining and entertainment areas.

# The Chelsea Hotel
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**

Cape Advisors, Inc.

**SIZE**

20 story, 213 unit boutique hotel

**COST**

$28,000,000

**COMPLETION DATE**

2008

**PROJECT DESCRIPTION**

A $120 million renovation project developed by Cape Advisors. The project consists of two buildings, a Holiday Inn built in the 1980s and a Howard Johnson that was built in the 1950s. The 5th floor was converted from a ballroom and meeting space into an entertainment venue featuring Chelsea Prime, The Living Room, The Game Room, The Cabana Club, and C5, a nightclub.

# Trump Steel Pier
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Trump Entertainment

**SIZE**
500,000-square-feet

**COST**
Undisclosed

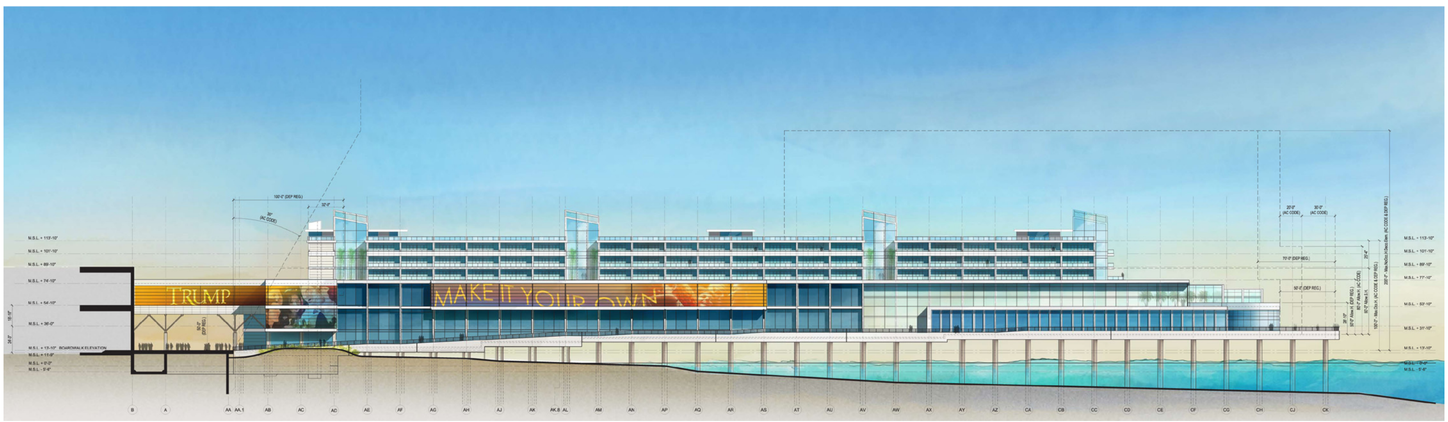
**COMPLETION DATE**
In Progress

**PROJECT DESCRIPTION**
Trump Steel Pier is a 6 story public lifestyle retail center extending 1,000 feet into the Atlantic Ocean from the Atlantic City Boardwalk and connected with Trump Taj Mahal.

An underground connection core allows public and private vehicular access to the site. The basement offers casino retail and hotel lobbies, BOH waste management and recycling center, laundry & mechanical.

The first and second floors contain the 1,000 foot lifestyle corridor, complete with retail, restaurants, spa and pool.

The 3rd, 4th and 5th floors support the 226 room botique hotel, all with direct ocean views and divided with attriums that connect to the upper deck, which is fitted with a lifestyle garden and sustainable building support.




# Sofitel - San Francisco Bay
# Redwood City, California

architecture
interiors
planning
SOSH

**CLIENT**
Accor Hotels

**SIZE**
25 floors, 668 units

**COST**
Undisclosed

**COMPLETION DATE**
2004

**PROJECT DESCRIPTION**
Interior renovation of four star hotel heralded for its luxurious accommodations. It's soft curves create a visual energy nestled on the coast of the San Francisco Bay. The lobby great room offers multiple seating/dining options increasing F&B sales by 300%.

# Novotel - Toronto Center
# Mississauga, Canada

architecture
interiors
planning
SOSH

**CLIENT**
Accor Hotels

**SIZE**
15 floors, 325 units

**COST**
Undisclosed

**COMPLETION DATE**
2003

**PROJECT DESCRIPTION**
Interior renovations to the Novotel Toronto Mississauga, a 3 star hotel 25 minutes from the center of Toronto and just miles from an international airport. Built in 1985, the 15 floor hotel includes 325 rooms, meeting facilities, restaurant and a business center.

# Hilton - Walt Disney World Resort
# Lake Buena Vista, Florida

architecture
interiors
planning
SOSH

**CLIENT**
Tishman Hotel Corporation

**SIZE**
814 units, 75,000-square-feet meeting/banquet space

**COST**
Undisclosed

**COMPLETION DATE**
2001

# Marriott - Brooklyn Bridge
# Brooklyn, New York

architecture
interiors
planning
SOSH

**CLIENT**
Marriot International, Inc.

**SIZE**
25 floors, 668 units

**COST**
Undisclosed

**COMPLETION DATE**
2004

**PROJECT DESCRIPTION**
The New York Marriott at the Brooklyn Bridge is located just across the river from Manhattan in New York City. The renovation included state-of-the-art hotel amenities and superior Brooklyn lodging accommodations. The hotel's grand ballroom features more than 18,000-square-feet of elegant banquet space.

# Prasada Luxury Hotel
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
DiGeorge Atlantic Properties

**SIZE**
50 story, 400 room mixed-use tower

**BUDGET**
$90,000,000

**COMPLETION DATE**
T.B.D.

**PROJECT DESCRIPTION**
Located along the historic Atlantic City Boardwalk. The 50 story luxury condominium complex includes over 400 ocean front rooms, restaurants, indoor pools and cabanas.

# BET Residential & Retail Complex
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**

Bruce E. Toll

**SIZE**

18,000-square-feet

**BUDGET**

$2,400,000

**COMPLETION DATE**

T.B.D.

**PROJECT DESCRIPTION**

Located on the Atlantic City boardwalk at Florida Avenue, the project will be a mixed-use residential, retail and restaurant complex. The tower is designed with two elevator cores to eliminate long interior corridors and to provide a unique and iconic structure reflecting a luxurious lifestyle for the homeowners. As such, the upper levels of the tower decrease in area providing the opportunity for special suites and townhouses in the sky while allowing for no more than six tenants per floor at each core. Two levels of retail space and restaurants activate the boardwalk facade of this project, above which are six levels of residential townhouses and flats with views directly to the ocean. A rooftop deck and glass-enclosed pool tops this portion of the project.


# Coachman's Hotel & Condominium
# Cape May, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Cape Advisors, Inc.

**SIZE**
554 unit, 97 bedroom hotel/condo with restaurant, bar and lounge

**BUDGET**
Undisclosed

**COMPLETION DATE**
CAFRA approval secured April 2007, Final Hearing Zoning Board of Adjustment July 2007

**PROJECT DESCRIPTION**
Located on Beach Avenue in historic Cape May, NJ, this development includes a three-story hotel with 54 rooms, pool with open terrace space, a 172-seat restaurant, bar and lounge. The project was designed for LEED-certification for integrating responsible and environmentally friendly building practices. The roof line, chimneys, widow's walk, and column-supported verandas are reminiscent of landmarks like the Columbia House, Ocean House, and Mansion house, all of which are iconic symbols of the Cape May area.

# Black Rock Resort Casino
# Kapchagay, Kazakhstan

architecture
interiors
planning
SOSH

**CLIENT**
8th Wonder

**SIZE**
2,000 room hotel tower

**COST**
Undisclosed

**COMPLETION DATE**
T.B.D.

**PROJECT DESCRIPTION**
The project is to be phased over the next two and half years. Phase 1 consisting of the casino, 500-room hotel, retail and exclusive high roller casino/suite hotel with a parking level underground. Phase 2 will add 1,500 hotel rooms, 500 hotel suites, 50,000-square-foot spa and 3,000-car parking garage. Phase 3 consists of a 15,000-seat theater that will house trade shows, concerts and community events which has direct connection to the above ground monorail system.

# Khasab Resort
# Oman

architecture
interiors
planning
SOSH

**PROJECT DESCRIPTION**

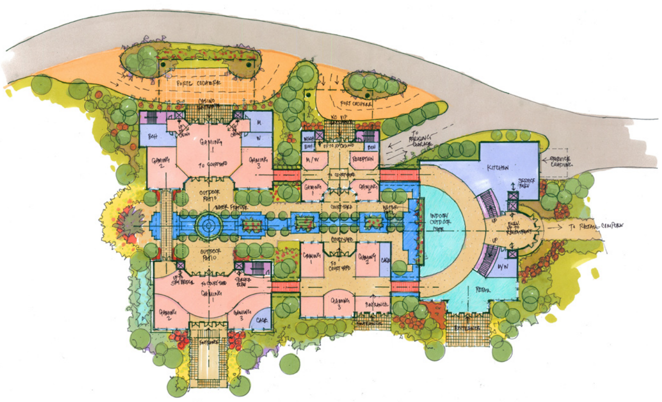
Khasab Resort is located at the tip of Oman; an area rich in history and culture. Its dramatic landscape and beautiful views of the Strait of Hormuz, which connects the Gulf of Oman to the Persian Gulf, makes this an excellent location for such a resort. This multi-purpose resort features four hotels ranging from luxury at the resort and the spa hotels, to more casual family and business hotels. Three different types of villas dot the hillsides, and three Royal Palaces sit on the edge of a cliff, the ultimate in exclusivity. Other amenities include a wellness center, an artisan village, mosque and a unique cultural commerce center, known as the Souk, which is connected by a marina at the bottom of the cliffs.

# Ream Resort Development
# Sihanokville, Cambodia

architecture
interiors
planning
SOSH

**CLIENT**
Eight Wonder
**SIZE**
400-acre site
**BUDGET**
$2,000,000,000
**COMPLETION DATE**
Unavailable

**PROJECT DESCRIPTION**
The proposed 400 acre site that includes a resort hotel and private villas, casino and restaurant/retail spaces with the largest small boat marina on the Ream coastline. This project is proposed on the newest beach front resort destination located in Cambodia within a several hour drive from Phnom Penh, also adjacent to the newly developed National Park within the Ream. The steep hillside site is tree covered from the beach on an approximate 2:1 slope to the top elevation of 275 feet above the ocean. All architectural design structures are cascading down the sloped hillside with connecting pathways and bridges in a luscious landscaped environment with water walls and native greenery. The adjacent properties are two international hotel resorts, 72-hole professional golf course and a series of private villas.



# Richmond Avenue School
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Atlantic City Board of Education

**SIZE**
100,000-square-feet

**BUDGET**
$30,000,000

**COMPLETION DATE**
Under Construction

**PROJECT DESCRIPTION**
A new 100,000-square-foot elementary school accommodating 600 children in kindergarten through 8th grade. The building was designed in compliance with LEED v2.0, incorporating design strategies maximizing thermal insulation, minimizing energy usage, bringing day lighting into all spaces, and reducing water usage. The building was also designed to comply with the latest *Best Practices Guidelines* adopted by the State of New Jersey.


# Sovereign Avenue School
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Atlantic City Board of Education

**SIZE**
95,000-square-feet

**COST**
$13,000,000

**COMPLETION DATE**
2004

**PROJECT DESCRIPTION**
A new 95,000-square-foot elementary school accommodating 750 children in kindergarten through 8th grade. Since the small site and large building program mandated a typical double-loaded corridor solution with little opportunity for variation in the building footprint, the design intent was to break the mold of typical school buildings by using dynamic roof forms.

# George Washington Elementary School
# Camden, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
City of Camden Board of Education

**SIZE**
84,000-square-feet

**BUDGET**
$17,500,000

**COMPLETION DATE**
T.B.D.

**PROJECT DESCRIPTION**
A new 84,000-square-foot elementary school to accommodate 500 students from pre-kindergarten through 6th grade. The project was designed as a community-based school, which included an auditorium, gymnasium, cafeteria and media center. The project was designed to achieve LEED certification.

# Pennsylvania Avenue School
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Atlantic City Board of Education

**SIZE**
105,000-square-feet

**BUDGET**
$31,000,000

**COMPLETION DATE**
Anticipated 2012 opening

# Wildwood Convention Center
# Wildwood, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
The New Jersey Sports and Exposition Authority

**SIZE**
450,000-square-feet

**COST**
$68,000,000

**COMPLETION DATE**
2002

**PROJECT DESCRIPTION**
SOSH Architects, under lead architects, LMN, was responsible for approximately 35% of the project inclusive of design, documents and construction administration for a 450,000-square-foot convention center consisting of an exhibit hall, meeting rooms, ballrooms, pre-function areas, offices, and a restaurant.



# Brigantine Beach Community Center
# Brigantine, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
City of Brigantine

**SIZE**
19,500-square-feet existing, 6,000-square-feet added

**BUDGET**
$5,900,000

**COMPLETION DATE**
Anticipated opening April 2011

**PROJECT DESCRIPTION**
This LEED Certified project converts a vacant catholic school into a multi-use community hub of activity and culture. This project includes a complete renovation of the existing structure to meet today's standards of material quality and sustainability, and approximately 6,000-square-feet of added space for public use. This project has also been designed and fitted to double as an emergency service center for the community, providing temporary shelter and an emergency management office in the event of a natural disaster.


SECOND FLOOR


FIRST FLOOR

EAST ELEVATION

SOUTH ELEVATION

# Revel Entertainment Corporate Offices
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Revel Entertainment

**SIZE**
15,000-square-feet

**COST**
$2,500,000

**COMPLETION DATE**
June 2007

**PROJECT DESCRIPTION**
Interior design and fit-out for Revel Entertainment corporate headquarters located in Atlantic City, NJ.


# Atlantic City Public Safety Building
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
City of Atlantic City

**SIZE**
68,000-square-feet

**COST**
$12,000,000

**COMPLETION DATE**
1997

**PROJECT DESCRIPTION**
Working with L. Robert Kimball Associates, SOSH Architects designed a new four story structure to house municipal courts, a police department and other administrative offices. The 68,000-square-foot public safety building, now an anchor in the downtown neighborhood, has redeveloped an entire block of the city and provided public safety personnel with the facilities they need to serve the community effectively.

# Harrah's Human Resource Center
# Atlantic City, New Jersey

architecture
interiors
planning
SOSH

**CLIENT**
Harrah's Entertainment, Inc.

**SIZE**
18,000-square-feet

**COST**
$12,000,000

**COMPLETION DATE**
2006

**PROJECT DESCRIPTION**
An 18,000-square-foot, three-story existing historic building that served as a school administration building and was transformed into a regional human resource and training facility for Harrah's Casino/Hotel properties. The project involved the historic restoration of the building exterior and portions of the interior, yet required the infusion of a bold new, high-tech interior design to reflect the attitude of the client.

# Atlantic City Expressway Toll Plaza Bridge
# Pleasantville, New Jersey

architecture
interiors
planning
SOSH

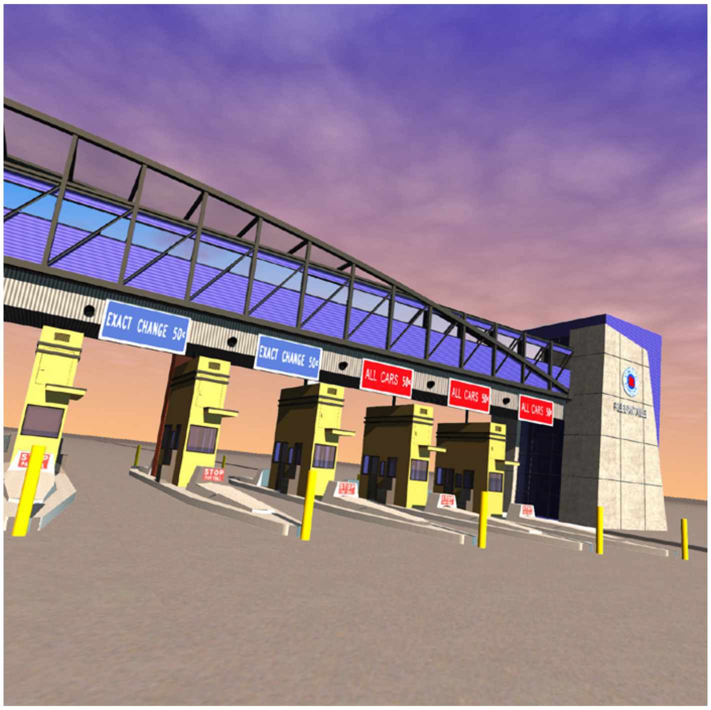
**CLIENT**
South Jersey Transportation Authority

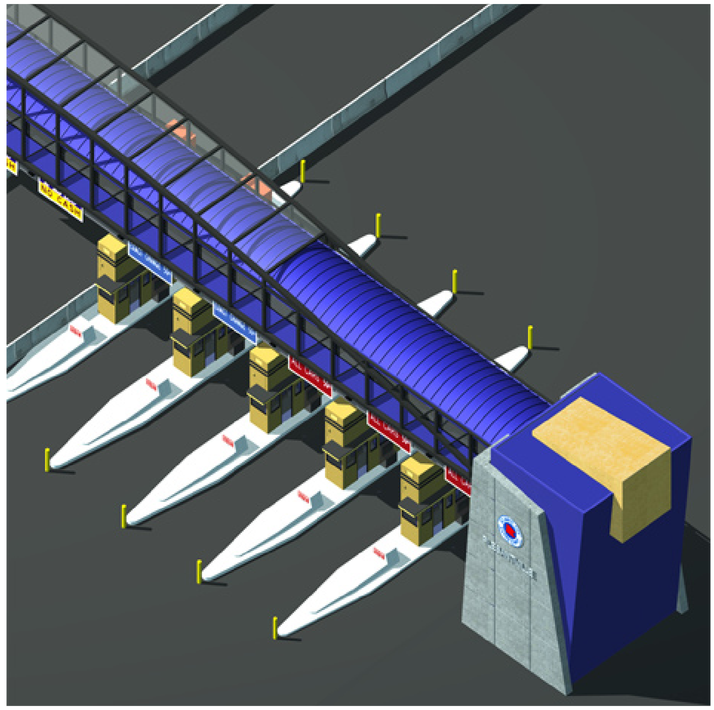
**SIZE**
236-foot walkway

**COST**
$5,000,000

**COMPLETION DATE**
2004

**PROJECT DESCRIPTION**
The Maguire Group engaged SOSH Architects to develop a design for the walkway and after investigating several options; SOSH recommended a prefabricated steel structure. SOSH created an aesthetic experience for both the drivers passing through the toll plaza and the SJTA employees who would use the walkway each day. By using economical industrial material in a creative expression to enhance the walkway structure, SOSH created an attractive entranceway into Atlantic City.




# Conectiv Midtown Thermal Plant
# Atlantic City, New Jersey

**CLIENT**
DCO Energy, LLC
**SIZE**
450,000-square-feet
**COST**
$38,000,000
**COMPLETION DATE**
1998
**PROJECT DESCRIPTION**
Center city chilled water and steam production facility to supply casino and commercial projects in Atlantic City.

# Marina Thermal Facility
# Atlantic City, New Jersey

**CLIENT**
Marina District Development Co., Borgata Hotel & Casino
**SIZE**
32,000-square-feet
**COST**
$44,000,000
**COMPLETION DATE**
2003
**PROJECT DESCRIPTION**
Heating, chilling and power facility servicing the Borgata Hotel Casino & Spa.

# Inlet District Energy Center
# Atlantic City, New Jersey

**CLIENT**
DCO Energy, LLC
**SIZE**
75,000-square-feet
**COST**
$180,000,000
**COMPLETION DATE**
Under construction, expected 2010 opening
**PROJECT DESCRIPTION**
Cooling, heating, electric and emergency electric power facility servicing Revel Entertainment Resort & Casino along with other commercial project around the Inlet District.

SOSH architecture interiors planning

**CLIENTS**

29 Palms Band of Mission Indians
Aqueduct Raceway
Bally's Entertainment
BET Investments
Cachil Dehe Band of Wintun Indians
Cabazon Band of Mission Indians
Caesars
Crowne Plaza Hotels & Resorts
Disney Regional Entertainment
Delaware Park
Eighth Wonder
Fantasy Springs Resort Casino
Forest City Enterprises
Foxwoods
Gila River Indian Community
Hard Rock Entertainment
Harrah's Entertainment
Hilton Hotels Corporation
Isle of Capri Casinos
Kalispel Tribe
Le Méridien
Marriot
Mashantucket Pequot Tribal Nation
MGM Mirage
Mohegan Sun
New York Racing Authority
Novotel Hotels
Revel Entertainment
Seminole Tribe of Florida
Showboat
Sofitel Hotels
Starbucks
Starwood Hotels & Resorts
Storm International
The Seneca Nation of Indians
Tropicana Casino & Resort
Trump Entertainment
Westin
Wyndham Hotels & Resorts
Yavapai-Apache Community

**PROJECT EXPERIENCE**

**GAMING**
Harrah's Chester Casino & Racetrack, Chester, PA
Bayonne OTW, Bayonne, NJ
Black Rock Resort Casino, Kapchagay, Kazakhstan
Isle of Capri Hotel & Casino, Waterloo, IA
New York Casino, Moscow, Russia
Revel Entertainment Resort & Casino, Atlantic City, NJ
Seneca Buffalo Creek Casino Resort, Buffalo, NJ
Shrangi La Casino, Moscow, Russia
Spotlight 29 Casino, Coachella, CA

**HOSPITALITY**
BET Residential & Retail Complex, Atlantic City, NJ
Coachman's Hotel & Condominium, Cape May, NJ
Hilton - Walt Disney World Resort, Lake Buena Vista, FL
Khasab Resort, Oman
Marriot - Brooklyn Bridge, Brooklyn, NY
Novotel - Toronto Center, Mississauga, Canada
Prasada Luxury Hotel, Atlantic City, NJ
Ream Resort Development, Sihanokville, Cambodia
Richard Somers Inn, Somers Point, NJ
Sofitel - San Francisco Bay, Redwood City, CA
The Chelsea Hotel, Atlantic City, NJ
The Hilton Grand Tower Expansion, Atlantic City, NJ
Tropicana Hotel - Havana Tower, Atlantic City, NJ

**RETAIL/DINING/ENTERTAINMENT**
Disney ESPN Zone, New York, NY
Fantasy Springs Resort Casino Expansion, Indio, CA
Rumba Lounge at Tropicana, Atlantic City, NJ
Savaradios Restaurant, Linwood, NJ
Spice Road at Trump Taj Mahal, Atlantic City, NJ

**PUBLIC/PROFESSIONAL**
Anthony Canale Fire Training Center, Egg Harbor Township, NJ
Atlantic City Public Safety Building, Atlantic City, NJ
Boys & Girls Club, Atlantic City, NJ
Brigantine Beach Community Center, Brigantine, NJ
Caesars Transportation Center, Atlantic City, NJ
Conectiv Midtown Thermal Plant, Atlantic City, NJ
Camden County Boathouse at Cooper River, Pennsauken, NJ
Dante Hall Performing Arts Center, Atlantic City, NJ
George Washington Elementary School, Camden, NJ
Harrah's Human Resource Center, Atlantic City, NJ
Inlet District Energy Center, Atlantic City, NJ
James L. Usry Child Day Care Center, Atlantic City, NJ
Jewish Older Adult Services Center, Atlantic City, NJ
Linwood Office Complex, Linwood, NJ
Marina Thermal Facility, Atlantic City, NJ
Pennsylvania Avenue School, Atlantic City, NJ
Revel Entertainment Corporate Offices, Atlantic City, NJ
Richmond Avenue School, Atlantic City, NJ
Sovereign Avenue School, Atlantic City, NJ
Wildwood Convention Center, Wildwood, NJ

# INSERT

# TAB

*EEK*

## EE&K Architects

**Big Picture Perspective | One of A Kind Places | Creative Problem Solving**


EE&K Architects is a full-service architecture firm, internationally recognized for integrating the design of buildings and open spaces to turn "projects" into places.

Founded in 1959, the firm's record of bringing creative thinking and big-picture perspective to design problems of all scales has created buildings of enduring memory, economic resilience and lasting value. Our design philosophy is based on the concept that when buildings are designed together with the larger environment, the whole can be greater than the sum of the parts.

With offices in New York, Washington DC, Los Angeles and Shanghai, EE&K Architects' expertise covers a range of project types, from large-scale urban redevelopment to signature campus buildings; urban waterfronts to transportation hubs; primary schools to complex mixed-use development. Our commitment has allowed us to play a central role in the regeneration of cities and small towns while continuing to push the boundaries of design.

## Design Philosophy

### Useful, practical, and memorable

EE&K Architects believes that every place, no matter how large or small, has the potential to make a lasting contribution to its surrounding community. Architecture is a unique art: look closely at a building to see its detail, then take a few steps back to see the park formed by the spaces between the buildings. Step away even further to see the fabric of the city, the criss-crossing of streets, the way the pieces fit together.

Great places are built in collaboration rather than isolation. Each structure, before it is actually designed, must be imagined in its surroundings. What does the client want? What does the community need? What does the context suggest? A design is shaped to respond to the interests of the client, the city, and the neighborhood. From an intimate courtyard to a development spanning city blocks, the ultimate success of a project can be determined by how seamlessly it fits into its home.

Rather than devote the practice to developing a signature style, EE&K Architects chooses to place the pursuit of excellence above all else. Context is key, and from that follows function. Our designs must be useful, practical, and memorable. If each project offers a puzzle to be solved, we believe the solution may well be found in the definition of that puzzle, in the application of precedent, and the realization of a new synthesis brought about by circumstances of place and time, and informed by experience.

This approach applies to every project we encounter, regardless of size or scope. It is imperative that a renovated train station maintains its usefulness; just as important that a school serves its students well; and no less vital that a development plan addresses a wide variety of civic issues with equal concern. The plans we design and the buildings we construct have very personal goals: to enhance both the beauty and the usefulness of the places where we live, to improve the public realm, and to enrich the fabric of the city.

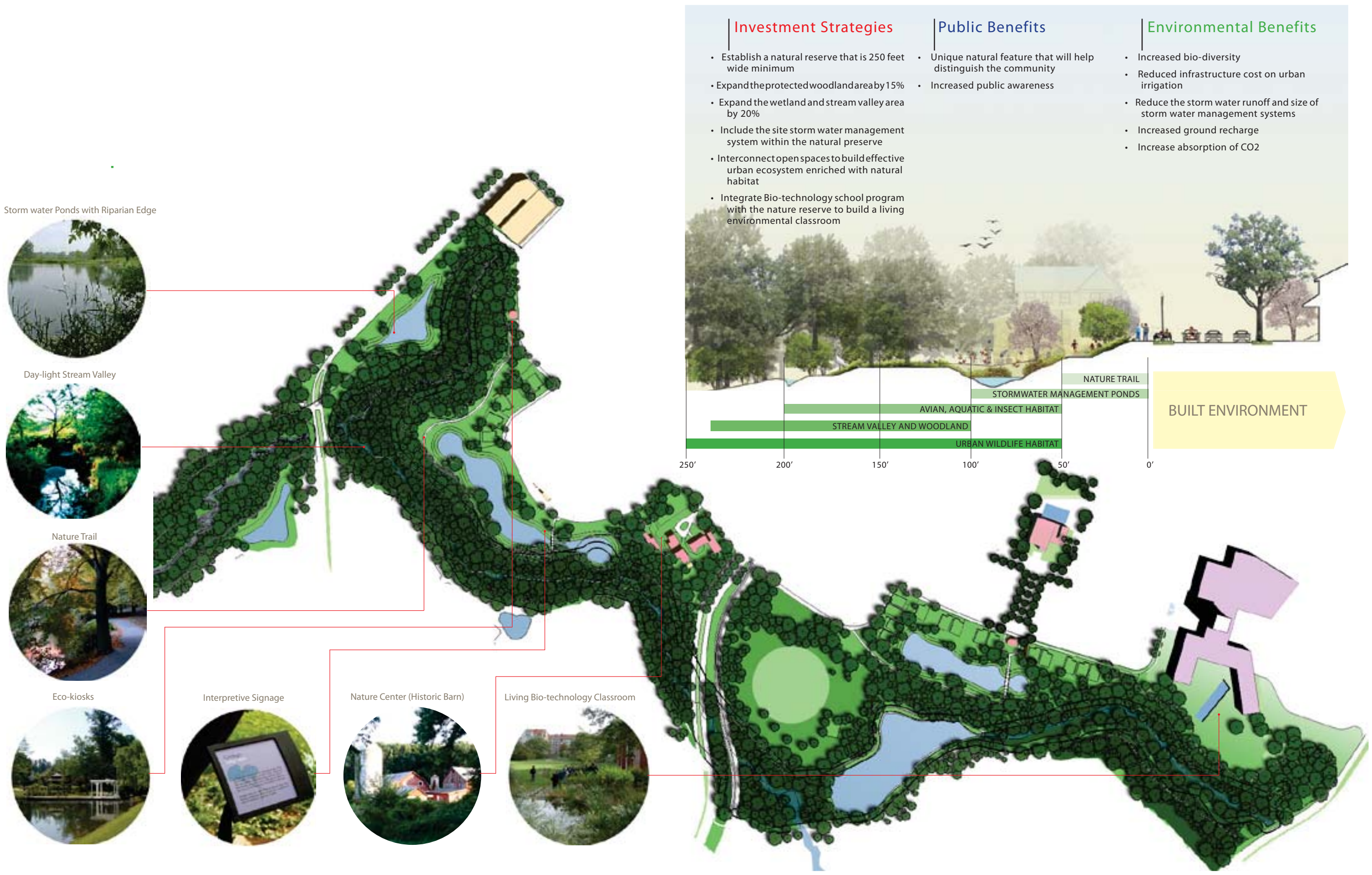
## Sustainability

In the past decade sustainability has moved to the forefront of the international dialogue; "green" design has moved from a moral to an economic, political, and market imperative. Most architects now recognize the need to incorporate sustainable practice into their building design; this can range from common sense to exotic technologies.

Ehrenkrantz Eckstut & Kuhn have been incorporating sustainable land use and energy conserving technologies since the "energy crisis" and gas lines of the mid-70's. Firm founder, Ezra Ehrenkrantz, was instrumental in deploying solar panels on the White House during the Carter Administration and current managing principal, James Greenberg, was responsible for conceiving and implementing the Trenton Integrated Community Energy System, a cogeneration facility that sells its electrical power to the utility grid and has been serving thermal customers in Trenton since 1982.

At EE&K we believe the concept of "place" is fundamental to a broader vision of a sustainable development. While studies have shown that buildings are responsible for 40% of total energy use, buildings by themselves are only part of the picture. The larger issues of open space preservation, mobility and access to sustainable transportation, public health, congestion, and sustainable land use are inextricably linked to how where buildings are sited, how they come together to encourage people to walk and gather, how to reduce high transportation costs for mundane task and how people get to them. We have both the knowledge base and the kinds of skills needed to make sure your building is built in a way that is responsible to the environment, minimizes life-style costs, creates a healthy environment for its users, and is able to meet and exceed increasingly high expectations and standards.

## Sustainability

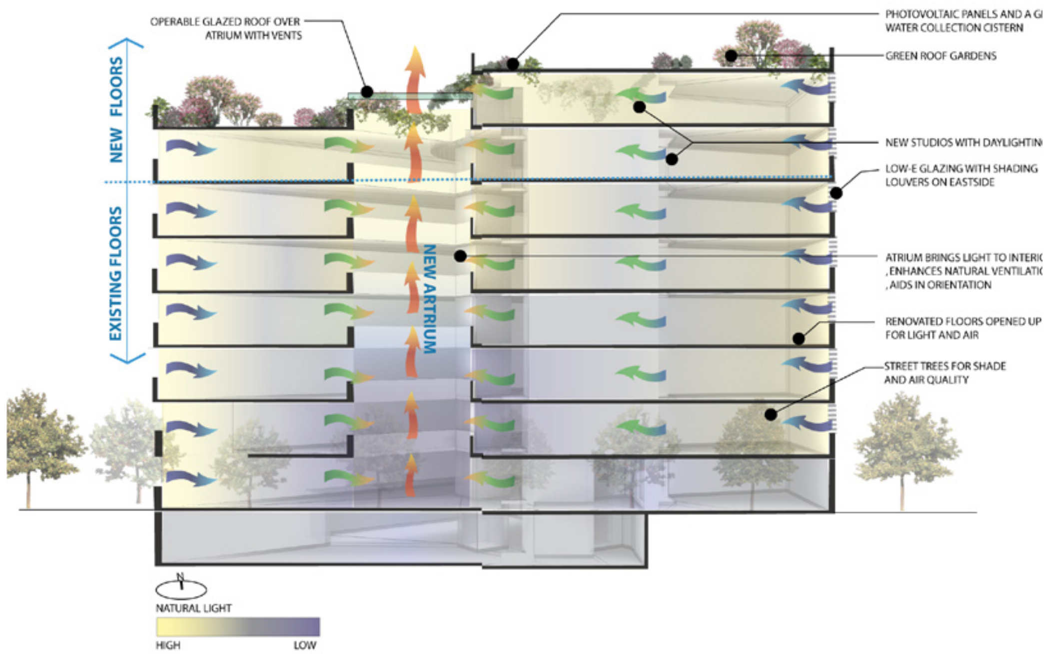



Today sustainable design standards are no longer the exception, but rather a client expectation and an accepted and common part of the regulatory landscape. Designing and building smarter for life-cycle costs are becoming a necessity for public and private building owners. Green products and services have proven their popularity in the marketplace.

The convergence of these trends demands not only a bigger picture vision, but also an understanding of the role design can play in building a sustainable future. It also requires concrete skills like leading teams of interdisciplinary experts, creatively integrating innovative technologies and quick assessment of the costs vs. benefits of continually evolving green design features. Leadership in Energy and Environmental Design (LEED) is a voluntary rating system developed to provide a guide for evaluating building performance within a sustainability context. A third of the EE&K Architects staff are LEED accredited professionals. Many of our current projects are being designed following LEED guidelines, and many are planned to earn, at a minimum, a LEED Silver Rating and several designs are now seeking Gold Ratings.

- Binghamton University Appalachian Collegiate Center, Binghamton, NY – Qualified for Certified LEED® status, but did not pursue certification.
- Liberty Luxe & Liberty Green – LEED® Gold
- School Without Walls, Washington, DC – LEED® Gold
- Yorktown High School, Arlington, VA– LEED® Gold
- Deanwood Community Center Washington, DC – LEED® Silver
- The Aventiene, Gaithersburg, MD – LEED® ND (also a National AIA Design Excellence Award Recipient)
- Stoddert Elementary School,

# Sustainability




Washington, DC–LEED® for Schools Gold

- Beekman Hill International School, PS 59, New York, NY – the first NYC school to achieve Green Certified (based on LEED® standards)

We want our buildings to respond positively to their environments. For a high school, we design around a much-loved oak tree. For a college campus nestled in an arboretum, we blend both design and materials with natural surroundings. For a sensitive ocean-side ecosystem, we carefully examine critical indigenous vegetation, storm water and flood control issues, as well as animal habitats.

Many of the sustainable traits we employ in our projects are almost automatic to us. It is simply our mindset to consider when and where a building's shadow falls; which services should be a five-minute walk from home and which can be ten; and how to preserve and even restore the natural landscape we are designing around. It is the ease with which we approach these issues that makes our firm so unique, and so attuned to sustainable practices.

Sustainability—in the use of materials, energy, technology, and land—is a defining issue facing the built environment today. EE&K Architects is committed to participating in the creation of sustainable architecture, design, construction, land use, and building practices. By incorporating strong sustainability practices in every element of our designs, EE&K Architects ensures long-lasting buildings that will age gracefully, always contributing more than they take away.

For more than a generation, we have been committed to sustainable design as a means of creating high performing designs for our communities. Every project is designed to be sustainable: conserving resources, creating healthy and appropriate environments and integrating the building as a teaching tool for users and the community.

## Retail and Entertainment

Commerce is the lifeblood of main streets and downtowns in big cities and small towns alike, a key component in both transit villages and mixed-use developments. But in today's increasingly crowded marketplace, consumers and retailers are awash in options.

larger vision and on creating the kind of unique, place-based experiences that are critical to successful retail development

EE&K's approach to commercial development focuses on establishing a larger vision and on creating the kind of unique, place-based experiences that are critical to successful retail development.

Our retail work has taken us from Hollywood, the entertainment capital of the world, to the Strip in Las Vegas; from Downtown Indianapolis in America's heartland to the Bund in Shanghai. Together, these experiences have deepened our understanding of the needs of retailers and increased our ability to work with flexibility. They have also give unique insights into how retail, culture and entertainment can be combined to create places of remarkable quality, economic resilience and long-term value.

# Mixed Use


Mixed use is one of the oldest patterns of human settlement. It is also one of the most challenging to develop. The best examples of mixed use can produce an overall vision that integrates the individual parts and produces a sum that is greater than its parts. All too often however, mixed-use projects fall victim to a no-win competition between batteries of specialists, competing programmatic agendas, and overlapping technical issues.

The key to maximizing the value of the individual parts lies in creating compelling place-based experiences.

The key to maximizing the value of the individual parts lies in creating compelling place-based experiences. EE&K's diverse portfolio allows us to engage all aspects of the mixed use program with creativity and flexibility. We know how to orchestrate the various teams of specialists that seem to be an inevitable part of mixed-use development and how to creatively balance complex technical requirements. Above all, we have the vision to create mixed-use developments that transcend their individual uses, achieve an overall coherence, and produce long-term economic value.

## Selected Awards

2010 Urban Land Institute
Heritage Award
*Battery Park City*

2010 Learning By Design Grand Prize Award, Excellence in Educational Facility Design
*School Without Walls Senior High School*

2010 AIA/CAE Educational Facility Design Awards Program Citation
*School Without Walls Senior High School*

2009 Smart Growth Award
Long Island Vision
*Patchogue Main Street*

Design Share 2008 Merit Award
*School Without Walls*

Chamber of Commerce of the Borough of Queens
Health-related Facilities Rehabilitation Award 2008
*New York Blood Center*

2009 Green DOT Merit Award
*PS 59*

American Institute of Architects
Newark-Suburban Chapter
2007 AIA Gold Medal for Design
*New York Blood Center*
*Blood Processing Facility*

American Institute of Architects
2007 Institute Honor Awards for Regional & Urban Design
*Crown Farm*

American Institute of Architects
New Jersey Chapter
2007 Merit Award
*Franklin L. Williams Middle School*

Queens & Bronx Building Association, Inc
2007 Building Award for Excellence in Design & Construction
*Palmers Landing Neighborhood*

## Selected Awards

Federal Highway Administration
2007 Environmental Excellence Award
*Great Streets of Washington, DC*

AARP and the National Association of Home Builders (NAHB)
2007 Livable Communities Award
*Collegetown at West End, Atlanta, GA*

American Institute of Architects
New York State Chapter
2005 Merit Award
*Binghamton University Appalachian Collegiate Center*

American Planning Association
NJ Chapter
2005 Outstanding Comprehensive Redevelopment Award
*Peninsula at Bayonne Harbor Redevelopment Plan*

New Jersey Future
2005 Smart Growth Award
*Peninsula at Bayonne Harbor*

American Planning Association
Los Angeles Chapter
2005 Excellence Award
*San Pedro Waterfront*

Boston Society of Architects/
AIA New York
2004 Housing Design Awards
*Arverne-by-the-Sea*

Chamber of Commerce of the Borough of Queens
2004 Excellence in Design
*Arverne-by-the-Sea - Brittania*

Queens & Bronx
Building Association
2004 Building Award of Excellence
*Arverne-by-the-Sea*

American Planning Association
VA Chapter
2004 Outstanding Master Plan Award
*Eisenhower East Small Area Plan*

## Selected Awards


Pasadena & Foothill Chapter AIA
2004 Renovation Merit Award
*Paseo Colorado*

National Trust for Historic Preservation
Great American Home Awards
2003 Interior Rehabilitation Award
*Javitz Residence*

School Construction News &
Design Share
Awards for Innovative Learning
Environments
Recognized Value Award
*The Hudson School, 2003*

New Jersey Future
Smart Growth Award
*Oceanfront Asbury, 2003*

Committee of 100 on the Federal City
Washington's Winning Visions, 2003
*Brightwood Elementary School*

The Waterfront Center
Excellence on the Waterfront Award
*Oceanfront Asbury, 2002*

American Institute of Architects
Washington DC Chapter
2002 Historic Resources Award of Merit
*AFL-CIO Headquarters*

American Institute of Architects
Washington DC Chapter
2002 Catalyst Award
*AFL-CIO Headquarters*
American Institute of Architects
New York State
Citation for Excellence in Design, 2001
*Pratt Institute Higgins Hall*

American School and University
Educational Interior Design
Excellence Award
*Henry Snyder High School, 2000*

## Selected Awards

American Institute of Architects
Kansas City Chapter
Design Excellence Award
*Science City at Union Station, 2000*

American Institute of Architects
Virginia Chapter
Excellence in Architecture
*Clarendon Center Study, 1999*

Art Commission of the City of NY
Award for Excellence in Design
*Owl's Head Water Pollution Plant, 1999*
*Queens Courthouse Lobby Addition, 1994*

City of Long Beach
Building a Better Long Beach
Design Award
*Queensway Bay Harbor, 1998*

AIA/New York Chapter
*1998* Design Award for Architecture
*Kohlberg Hall, Swarthmore College*

International Council of
Shopping Centers
1997 Certificate of Merit for
Innovative Design
*Circle Centre*

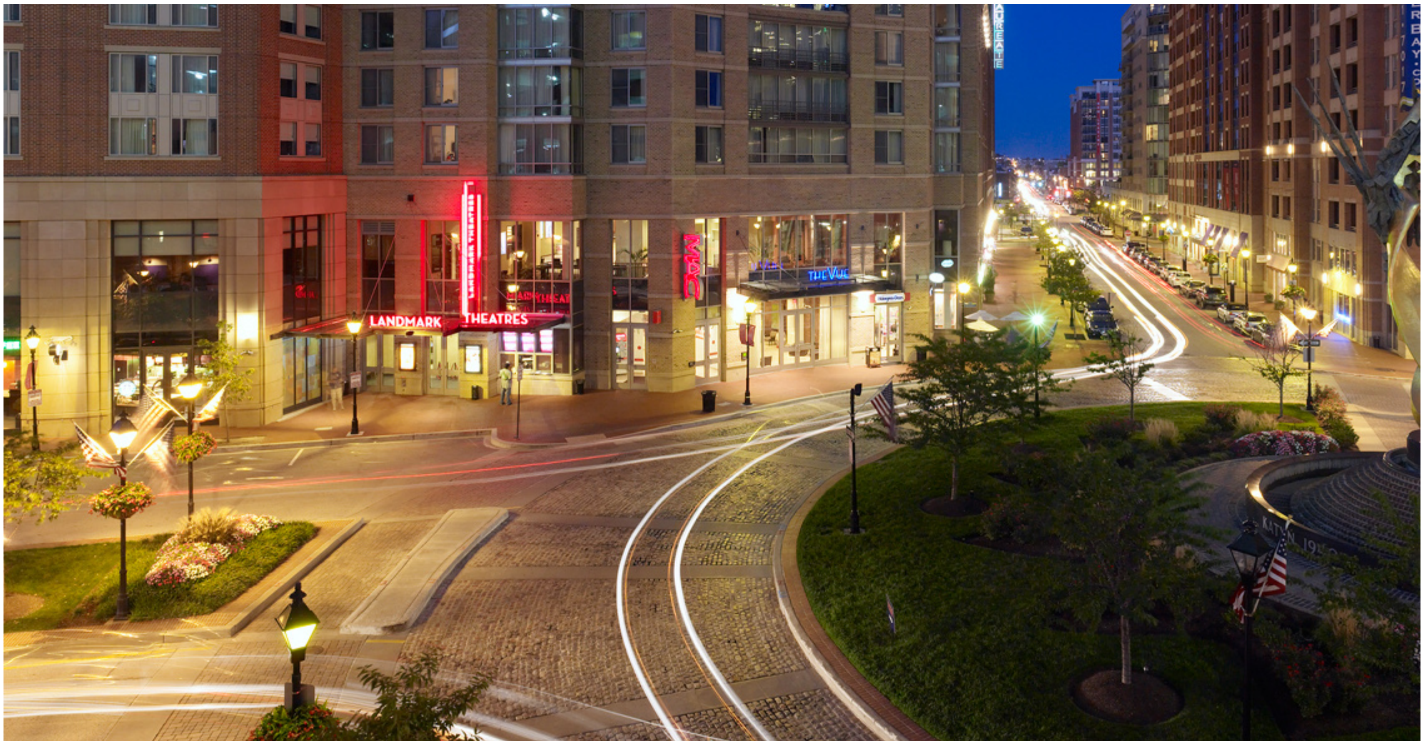
NY Association of
Consulting Engineers
1997 Certificate of Engineering Excellence
*Circle Centre Artsgarden*

Los Angeles Business Council
1997 Beautification Award
*Gateway Center*

New York Landmarks Conservancy
Lucy G. Moses Preservation Award
*Pratt Institute, 1997*
*Old 83rd Police Precinct, 1996*

Buildings Magazine
1997 Modernization Award Winner
*Alexander Hamilton U.S. Custom House*

## Selected Awards




Queens County Builders & Contractors Association
Award for Excellence in Design & Construction
*PS 43, 1996, PS 7, 1994*

American Institute of Architects
National Honor Award for Urban Design
*Baltimore Inner Harbor East, 1995*

U.S. General Services Administration
1994 Award for Excellence in Design
*Alexander Hamilton U.S. Custom House*
NYC Landmarks Preservation Commission
Professional Service Award
*The Dakota, 1994*

Municipal Art Society of New York
1994 Preservation Award
*Alexander Hamilton US Custom House*

City of NY Department of General Services
1993 Design Excellence Award
*Queens Courthouse East Wing Addition*

Art Commission of the City of New York
Excellence in Design, 1993
*Queens Courthouse East Wing Addition*

The Waterfront Center
Award of Excellence
*South Cove, Battery Park City, 1993*
*Battery Park City, 1987*

Concrete Industry Board
1993 Annual Awards for Excellence
*Croton Lake Gatehouse*
*Owl's Head Water Pollution Control Plant*

IA/Western Mountain Region
Citation Award for Excellence in Architecture
*Salt Lake City & County Building, 1991*

Presidential Design Awards
1991 Federal Design Achievement Award
*Veterans' Affairs Hospital Building System*

## Selected Awards

American Institute of Architects
National Honor Award
Citation of Excellence
*Battery Park City, 1990*

Art Commission of the
City of New York
Award of Merit
*Prototype Schools, 1990*
*Battery Park City, 1990*
*Croton Lake Gatehouse, 1989*

City Club of New York
Albert S. Bard Award of
Excellence in Architecture
*The Police Building, 1989*
*South Cove, Battery Park City, 1989*

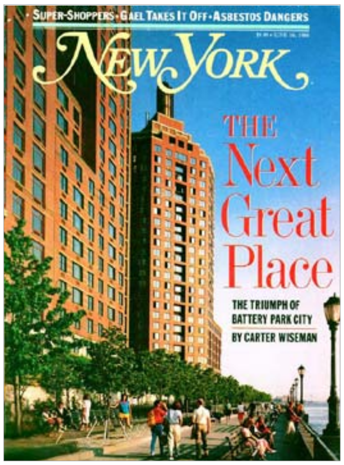
Chamber of Commerce of the
Borough of Queens
Building Award (First Prize)
*Jamaica Federal Building, 1988*

Urban Land Institute
Award of Excellence
Large-Scale Development
*Rector Place, Battery Park City, 1988*

American Planning Association
New Jersey Chapter
Best Residential Project in New Jersey
*Port Liberté, 1987*

# Battery Park City

## Master Plan





**Client**
Battery Park City Authority

**Location**
New York, New York

**Size**
92 Acres

**Awards**
American Institute of Architects
Citation of Excellence in Urban Design

American Institute of Architects
National Honor Award
Citation of Excellence

Art Commission of the City of New York, Award of Merit

The Waterfront Center
Annual Waterfront Centre Award

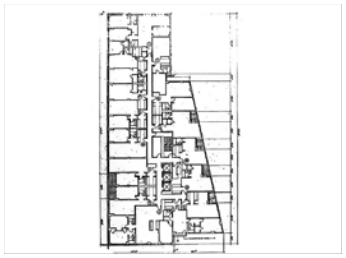
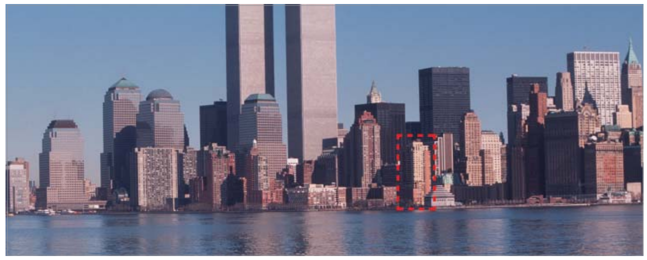
Urban Land Institute
Award for Excellence
Large Scale Residential Development
Rector Place, Battery Park City

Progressive Architecture
Awards Citation

The Battery Park City Master Plan has created an entirely new neighborhood on a 92-acre waterfront landfill on New York's southern edge. The plan established a Commercial District, a South Residential District, and a North Residential District, all organized around a series of parks and other focal points. A stringent set of design guidelines was developed, providing architects with established design elements to maintain community and to ensure quality among the various parcels of development. Each parcel is oriented around a park or other public space with the intention of capitalizing on river views and public interaction. A tremendous success on many levels, Battery Park City was honored by TIME Magazine as one of the ten best designs of the decade.

# Battery Park City

## South Cove Park & Waterfront



**CLIENT**
Battery Park City Authority

**LOCATION**
New York, New York

**SQUARE FEET**
250,000

**APPROXIMATE PROJECT COST**
$16 million

**AWARDS**
The Waterfront Center, Annual Waterfront Centre Award, 1993

City Club of New York Albert S. Bard Award Excellence in Architecture and Urban Design, 1989

EE&K Architects designed South Cove to continue the New York City park theme established in the Battery Park City Esplanade, while introducing new materials, furnishings and plant materials. A lower wood-lined walkway system provides a means of bringing people on land in closer contact with the water. Other design features include overlooks, a bridge, a viewing tower, a floating island, and a jetty that extends over the water, offering spectacular views of the Hudson River and New York Harbor.

# Battery Park City

## Esplanade

**CLIENT**
Battery Park City Authority

**LOCATION**
New York, New York

**SIZE**
1.2 Miles

**APPROXIMATE PROJECT COST**
$4 million

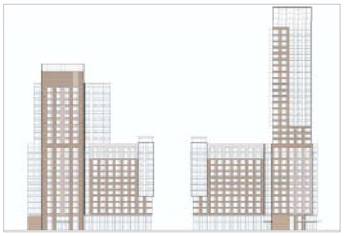
**AWARDS**
City Club of New York Albert S. Bard Award Excellence in Architecture and Urban Design 1989

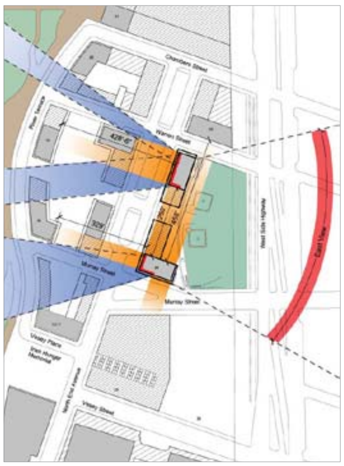
The 1.2 mile Esplanade is the central feature of EE&K Architects' Battery Park City Master Plan. It defines the Hudson River edge of lower Manhattan, provides access to the waterfront, and serves as a prototype for public spaces throughout Battery Park City. The overall design creates a civic scale appropriate to the expanse of the Hudson, while familiar materials complement the natural setting.

The park is on two levels, providing quiet cloisters as well as a splendid tree-lined thoroughfare for pedestrians. Public art can be found at various points along the Esplanade, and city-style park benches provide an ideal place to sit and enjoy a river view. The award-winning Esplanade has become one of New York City's most valued public spaces and a model for large-scale developments around the world.

## Liberty Green and Liberty Luxe

### Battery Park City





**Client**
Milstein Properties

**Location**
New York, New York

**Program**
Residential: 550,000 sf
Recreation Center: 45,000 sf
Parking: 94 spaces, 18,895 sf; 1 level underground, 5% of the parking spaces are reserved for high-performance hybrid cars

Nearly thirty years after the landmark masterplan for Battery Park City, Ehrenkrantz Eckstut & Kuhn Architects' design for the final two parcels of land in Battery Park City, Sites 23 and 24 is emerging from the ground. The Liberty Green & Liberty Luxe Apartments, which are joined at their base, were designed to respond to their context.  The western façades are orderly and reserved to address the residential character of the avenue. The eastern façades facing the city have their own identity, expressed by large-scale projections out of the basic massing and larger architectural expressions. EE&K strategically placed the windows and larger openings to take advantage of Hudson River views, ensuring that sunlight coming into the each apartment is maximized. The base of the slender buildings features a 65,000-sq-ft community center, which will allow passersby on the sidewalk will be able to look down into the gym and pool.

Liberty Green & Liberty Luxe Apartments which was designed to LEED Gold certification standards, will employ several cutting edge sustainable technologies. Photovoltaic panels on the bulkhead of both buildings announce the prominence of EE&K's sustainability agenda which features a blackwater system to collect water from the buildings and reuse it for toilet flushing and the cooling tower. The buildings will also be the first residential building in New York City to use fuel cell technology. Occupancy of the concrete-frame towers is anticipated for early 2011, and at that time, Battery Park City will be complete.

# Paseo Colorado


CLIENT
TrizecHahn

LOCATION
Pasadena, California

COMPLETION DATE
September 2001

PROGRAM
Retail: 260,000 sf
Restaurants: 78,000 sf
Market: 40,000 sf
Macy's: 160,000 sf
Cinema: 70,000 sf
Housing: 400 Units
Parking:
Underground Parking: 1,819 Spaces
Satellite Garage: 1,711 Spaces
Satellite Garage: 2,526 Spaces

APPROXIMATE PROJECT COST
$200 million

AWARD
Pasadena & Foothill Chapter AIA
2004 Renovation Merit Award

As American Cities look for ways to revitalize their downtowns, one of the most challenging problems has been how to deal with obsolete shopping malls built in the 1960s and '70s. Lacking scale and inward-facing by nature, these malls have had an especially damaging effect on their surroundings. EE&K's design for Paseo Colorado transformed the failed Pasadena Plaza in downtown Pasadena into a vibrant, mixed-use precinct, in the process creating what the Los Angeles Times has called a "model for urban redevelopment across the country."

EE&K's plan turned the mall inside out, knitting the new development back into the downtown street grid and reestablishing the central axis connecting the Civic Auditorium and the historic Public Library. By introducing a mix of offices, hospitality, retail and residential above the existing retail, EE&K's design reused much of the mall's existing structure as well as its underground parking garage. The architecture of Paseo Colorado belongs unmistakably to Pasadena, with varied facades that reinforce the street grid and echo Pasadena's distinctive palette of pale yellows and pinks, and a lively variety of trellises and canopies that create a rich play of shadow in the Southern California sun.

When it opened, Paseo Colorado was described as "a case study on whether Southern Californians will abandon their gardens and gas grills to live within walking distance of the grocery store, gym and train station." EE&K took full advantage of Pasadena's temperate climate by designing the new development around a series of outdoor places that have since become a highly successful destination for people-watching, strolling and discovery.

# Paseo Colorado



# Hollywood & Highland


CLIENT
TrizecHahn

LOCATION
Los Angeles, California

COMPLETION DATE
November 2001

PROGRAM
Retail: 178,000 sf
Restaurants: 86,000 sf
Broadcast Studios: 70,000 sf
Live Entertainment: 42,000 sf
Multiplex Cinema: (1,800 seats) 37,000 sf
Live Broadcase Theater 3,300 seats (interiors by others) 234,000 sf
Ballroom: 38,000 sf
Public Spaces: 200,000 sf
Total New Development: 885,000 sf
Subterranean Parking 3,000 spaces (design by others) 1,154,000 sf, 4-levels below grade

APPROXIMATE PROJECT COST
$430 million

Hollywood has always been two places: a real place and a legend, the home of the film industry and the myth of glamour and fame. For our design for Hollywood & Highland, we looked to both historical and fictional elements of Hollywood Boulevard's 1920s heyday and created a script that unites the two and turns story into reality.

The site for this one-of-a-kind destination occupies 1 1/2 city blocks at the foot of the Hollywood Hills, along a boulevard famed for its historic theaters: Mann's Chinese, El Capitan, Pantages, and Egyptian. Our story begins by reviving the original pedestrian-friendly streetscape, with simple and restrained facades that respond to the Art Deco, streamline, and modernist neighbors, respecting their height and emphasizing vertical articulation in the pilasters and marquees. To break up the potentially overwhelming scale of the project, we echoed the bay rhythms typical of other buildings along Hollywood Boulevard and articulated the facade with canopies, windows, signage, and decorative motifs.

## Hollywood & Highland


Once within the project's precincts, visitors are treated to a series of public spaces which serve both as forecourts and as outdoor stages. Spaces and buildings in turn are linked by three promenades, each with its distinctive character and narrative, creating a complex circulation pattern yielding surprise and discovery. To retain the pedestrian character of the boulevard, we located the vehicular entrance on the side street, creating a court landscaped as an orange grove. Linking the court with the public spaces, Actors' Alley is an open-air paseo with a back-of-the-house atmosphere.

From the boulevard, flowing upward and extending the sidewalk into the site, the Monumental Stair leads visitors to Babylon Court, the central public space designed as a recreation of the epic set of D.W. Griffith's "Intolerance." The court is dominated by a dramatic arch, framing the famed Hollywood sign in the hills beyond. Further down the boulevard, the Orchid Portal leads to Orchid Walk, a processional arcade whose "red carpet" of terrazzo, leads to the central rotunda and, beyond it, to the state-of-the-art Premier Theater, the new home of the Academy Awards and the heart of the reality and the myth of Hollywood.

# Rego Center II


**Client**
Vornado Realty Trust

**Location**
Rego Park, New York

**Program**
Retail: 694,000 sf
Parking: 5 levels, below & above ground

Future Residential: 300,000 sf

This new development is one of the first attempts to bring “big-box retail” to an urban infill location with ground level orientation and a mix of uses. The goals of this retail and residential complex are to provide more public space for the neighborhood as well as augment the retail opportunities on Junction Boulevard.

The mixed use nature of the development helps to revitalize this portion of Junction Boulevard, transforming it from an empty lot into a mixed-use Main Street.

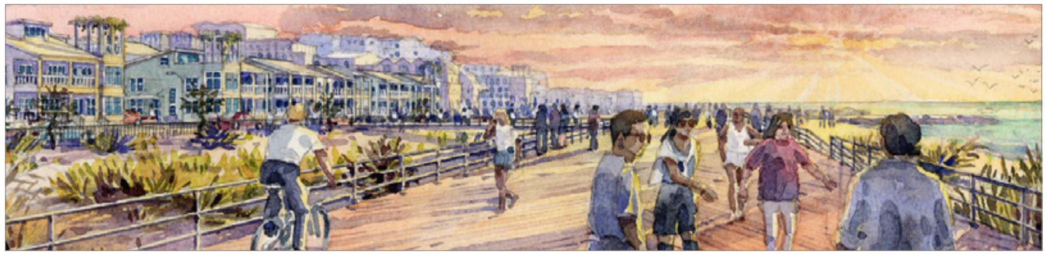
Three floors of retail, 694,000 sf total, supplements the existing malls in the area, forming a true shopping destination in this area of Queens.  A pedestrian promenade links the retail with surrounding residential streets.

Visual interest of the area is improved by removing cars from street level. The new garage includes a pedestrian/vehicular bridge linking to the adjacent shopping mall.

A residential tower totaling 300,000 sf that surrounds a central public plaza is planned for the future.

# Arverne-by-the-Sea

## Master Plan




**Client**
Benjamin Beechwood LLC

**Location**
Arverne, New York

**Completion Date**
Ongoing

**Square Feet**
3.6 million Total

**Award**
AIA NY/
Boston Society of Architects
Housing Design Excellence
Citation 2004

Queens & Bronx
Building Association
2004 Building
Award of Excellence

Queens Chamber of Commerce,
Building Award for Excellence in
Design, 2008

Arverne-by-the-Sea is a beachfront community in New York City with a singular location and history. Located on Rockaway Beach directly on the IND subway line, the area combines dramatic oceanfront scenery with the convenience of public transit. Once a thriving beach resort in the 1920s – 1940s, Arverne experienced steep decline after World War II; in 1959, it was declared an Urban Renewal area. After the area was cleared in 1971, many rebuilding plans were proposed but none succeeded.

EE&K Architects' plan for a new, 21st-century Arverne creates a walkable, large-scale development distinguished by architectural variety and ample connections to transit. The center of Arverne is a transit village defined by great public spaces, a high-quality streetscape, and a street pattern that radiates out from Station Square. The plan creates several different neighborhoods, each with their own identity and amenities.

To encourage pedestrian circulation within each neighborhood, the plan features mews streets that discourage driveway parking. Arverne's townhouses include roof towers that both provide outdoor space for residents while also serving as architecturally distinctive/defining markers within each block. The townhouses have been designed as two-family residences in order to make them more affordable by allowing a rental unit within each house.

# The Dunes Neighborhood

## Arverne by the Sea

**Client**
Benjamin Beechwood LLC

**Location**
Arverne, New York

**Completion Date**
2004

**Awards**
AIA NY/
Boston Society of Architects
Housing Design Excellence
Citation 2004

Queens & Bronx
Building Association
2004 Building
Award of Excellence

Chamber of Commerce of the
Borough of Queens
2004 Excellence in Design

Queens Chamber of Commerce,
Building Award for Excellence in
Design, 2008

Despite its splendid oceanfront setting on the Rockaway Peninsula in Queens, the Arverne Urban Renewal Area has resisted comprehensive redevelopment for over 30 years. The Dunes Neighborhood marks a new era of optimism for the area. EE&K Architects developed four housing prototypes that serve as models for this and future phases of its masterplan for Arverne-by-the-Sea.

The four housing types include two- and three-story semi-attached two-family units.  Taking its cues from the seaside vernacular of classic mid-Atlantic Coastal towns, the houses feature covered porches, trellised overhangs, screened balconies, bay windows and rooftop terraces. These elements capitalize on the site's ocean views and prevailing breezes. To further create a sense of informality characteristic of the best seaside architecture, EE&K Architects devised a strategy using a prefabricated truss system to create a varied eave and ridge line. A series of landscaped open spaces, including a landscaped "mews" street, knits together the sixty-four new homes.  At the heart of the development is the "Dunes Garden," a semi-private landscaped courtyard planted with native species indigenous to the seaside environment.

# Arverne-by-the-Sea

## Ocean Way

CLIENT
**Benjamin Beechwood LLC**

LOCATION
**Arverne, New York**

COMPLETION DATE
**Ongoing**

SQUARE FEET
**3.6 million Total**

AWARD
**AIA NY/ Boston Society of Architects Housing Design Excellence Citation 2004**

**Queens & Bronx Building Association 2004 Building Award of Excellence**

Located between the IND subway line and the Atlantic Ocean on the Rockaway Peninsula, Arverne occupies a unique location in New York City. EE&K Architects capitalized on these two features with a transit-oriented development that connects subway and sea and knits together the disparate parts of the 100-acre site.

Ocean Way is intended as the main street for residents of the new community and a retail/residential mixed-use environment for visitors. Ocean Way will include seasonal, beach-oriented retail such as surf shops, ice cream shops and restaurants, as well as year-round convenience retail and food establishments. Designed for pedestrian comfort as well as auto-convenience, Ocean Way will feature street-level retail with 3-11 stories of residential above.

Ocean Way will feature three special places:

- A grand entrance on Rockaway BeachBoulevard
- Ocean Way “TownSquare”
- The beachfront plaza

## The Tides Neighborhood

### Arverne-by-the-Sea

**Client**
Benjamin Beechwood LLC

**Location**
Arverne, New York

**Project Data**
884 Residential units total

1,300 parking spaces

Green roofs on parking garages

134,000 SF retail

"Ocean Way", a new mixed-use main street for the entire Rockaway Peninsula

The Tides is a transit-oriented mixed-use development that is envisioned as the heart of Arverne by the Sea. The Tides' mixed-use program features 880 luxury condominiums over retail, oriented around the community's main street, Ocean Way. Anchored by the Bach 67th Street Subway Station on one end, and Rockaway Beach at the other, Ocean Way is envisioned as a neighborhood retail street featuring street-oriented retail, outdoor cafes and a restaurant cluster along the beach.

The Tides' ten mixed-use buildings range in height from six to twelve stories. EE&K's massing scheme maximizes the number of units with Ocean views, while creating a nore intimate scale along the main street. The design of the Ocean Way facades reinforces this scale as well as a sense of variety along the street. Structured parking, which is screened from the Main Street is integrated behind the buildings.

Along the beach, the buildings pick-up on Arverne's Coastal design theme and responds to the low-rise character of Beachfront Road, a low-key residential street with slow-moving traffic.


APARTMENT
TOWN HOUSE
STORAGE
SWIMMING POOL
OCEAN PLACE WEST
PARKING

# Arverne Retail Transit Plaza


**Client**
Benjamin Beechwood LLC

**Location**
Arverne, New York

**Completion Date**
Ongoing

As the main subway arrival and departure point for beachgoers and resident commuters, the retail transit plaza is the keystone to the Arverne-By-The-Sea masterplan. With its long curved plaza reaching east and west along the new Rockaway Beach Boulevard and the memory of the demapped 68th street piercing the site north and south, the retail transit plaza offers pedestrian links to communities new and old. Neighborhood retail provides necessities to the area and creates a town square that acts as the central hub for area residents commuting to the city or for those visiting this revitalized beachfront community.

- Connection to existing subway station
- 23,500 sf neighborhood retail
- 14,000 sf public plaza
- 43 retail parking spaces

# CityCenter Las Vegas

## Master Plan

**CLIENT**
MGM Mirage

**LOCATION**
Las Vegas, Nevada

**COMPLETION DATE**
2009

**PROGRAM**
Casino Hotel: 4,722,504 sf
Boutique Hotels: 1,263,157 sf
Residential: 6,843,086 sf
Retail: 1,207,297
Parking: 6,300,335 sf, 18,000 spaces
Exterior Public Area/Roadways: 768,466 sf
Exterior Semi-Public Areas: 1,753,582 sf
Shared Back of House: 430,947 sf
Grand Total: 23,289,374 sf

**APPROXIMATE PROJECT COST**
$8 billion

MGM MIRAGE asked us to design a multi-billion dollar urban metropolis that will significantly accelerate the evolution of Las Vegas into a sophisticated multi-dimensional city.

The 66-acre site, designated as CityCenter, was developed into a master-planned urban complex defined by a variety of avenues, places and experiences. As envisioned, CityCenter represents the most significant privately funded project in the United States at this time.

The first phase of CityCenter includes the development of 18 million square feet of space consisting of a 4,000-room hotel/casino, three 400-room boutique hotels operated by world-famous hoteliers not currently represented in Las Vegas, approximately 550,000 square feet of retail shops, dining and entertainment venues, and 1,650 units of luxury condominium, hotel/condominium and private residence clubs.

Significant project features include a pedestrian-friendly series of streets and blocks; a dynamic "city-within-a city" offering the best Las Vegas has to offer in shopping, chic small hotels, and residential options; a rooftop park system;  and "Casino Centre," a true town square for Las Vegas, full of activity, and the foyer to the new casino.

# CityCenter Las Vegas

## Urban Retail


**Client**
MGM Mirage

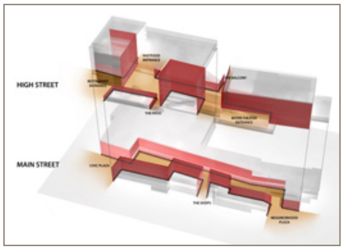
**Location**
Las Vegas, Nevada

The City is composed of a series of distinct but seamlessly connected environments that are also integrated with the circulation systems of Bellagio.

Fronting The Strip, SoBella is the dynamic "city-within-a city" offering the best Las Vegas has to offer in shopping, chic small hotels, and residential options.

City Space is the focal point of a new city-within-a-city. It is the public square of the 22nd century and the lobby of the city. SoBella's blocks offer the diverse ingredients of an authentic urban neighborhood – galleries, cafes, boutiques, small parks, markets, boutique hotels and lofts – and a chic cosmopolitanism pervades every street. An intricate web of passages creates ample opportunities for people-watching and guarantees surprise around every corner. Part SoHo, part French Quarter, part medieval bazaar, SoBella becomes the place to live, work and play in the heart of Las Vegas.

## Vanke Beijing MiniCity




**CLIENT**
Vanke

**LOCATION**
Beijing, China

Located 35 km northwest of Beijing's Forbidden City in the district of Changping, Vanke Beijing Minicity is the retail and entertainment cornerstone of the Vanke City residential community. Sited on 23K sm, Vanke Beijing Minicity consists of 73K sm of retail development including a signature department store, cinema, restaurants, nightlife entertainment, and a local neighborhood supermarket, as well as 31K sm of residential high-rise units.

Envisioned as both a dynamic daytime shopping destination and an exciting nightlife entertainment district, Vanke Beijing Minicity is defined by two separate streets: Main Street, the ground level shopping environment, and High Street, an elevated indoor/outdoor city street providing access to all the upper-level restaurants and entertainment destinations.

Vanke Beijing Minicity's Main Street acknowledges the development's two key northern corners with gracious public plazas and dramatic entrances. The retail environment along Main Street connects these corners through a series of distinct but linked interior spaces. The Shops represents the retail fronting along Nanhuan Road. These boutique retailers help activate the streetscape and create a dynamic shopping environment both outside and in.

On the first three levels of The Shops, the retail functions much like a traditional retail mall with the added visual twist of varied spatial volumes extruding from the Main Street linked spaces. Upon reaching the 4th floor High Street, however, the character of the space significantly changes. Suddenly the composition of form begins to separate out revealing glimpses of outdoor patios and terraces with views to the surrounding city. Above you emerges a city of elegantly composed rectilinear forms. The individual program elements reveal themselves as buildings within a city, providing patrons glimpses of their intended destinations.

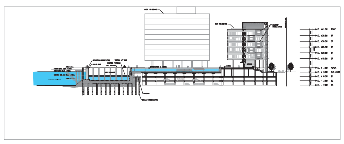
## Vanke Beijing MiniCity


The architecture of Vanke Beijing Minicity is intended to be both visually elegant and playful while offering a rational and efficient spatial composition. The careful placement of rectilinear forms with their use of transparency and color suggest a museum quality of architecture while delivering the eye-catching impact that retailers demand. Subtle variation in the fenestration is balanced by a bold and provocative use of cantilevers, towers, roof gardens, and public art.

In the context of today's China where, architecturally speaking, anything is possible, Vanke Beijing Minicity is a valuable example of quality place-making within an increasingly dense metropolis. Minicity's unique vertical approach to public place-making will undoubtedly be the centerpiece of Vanke City. With its elegance and bold iconography Vanke Beijing Minicity creates a new attraction that Changping and all of Beijing will flock to see.

# Huishan North Bund

## Master Plan



**Client**
**Shanghai Huigang Real Estate Development Company, Ltd.**

**Location**
**Shanghai, China**

The Huishan North Bund master plan consists of approximately 107,182 sq. meters of land to the North of the Huang Pu River. The site offers extraordinary views of not only the river, but also of the Historic Bund District and the newly developing Pudong District which is home to many of the modern skyscrapers being built in Shanghai today. The master plan envisions a vibrant waterfront development with Marina's accessing the Huang Po River and a riverfront esplanade continuous across the whole site and connecting to the Shanghai International Cruise terminal site on the Western Edge of the development.

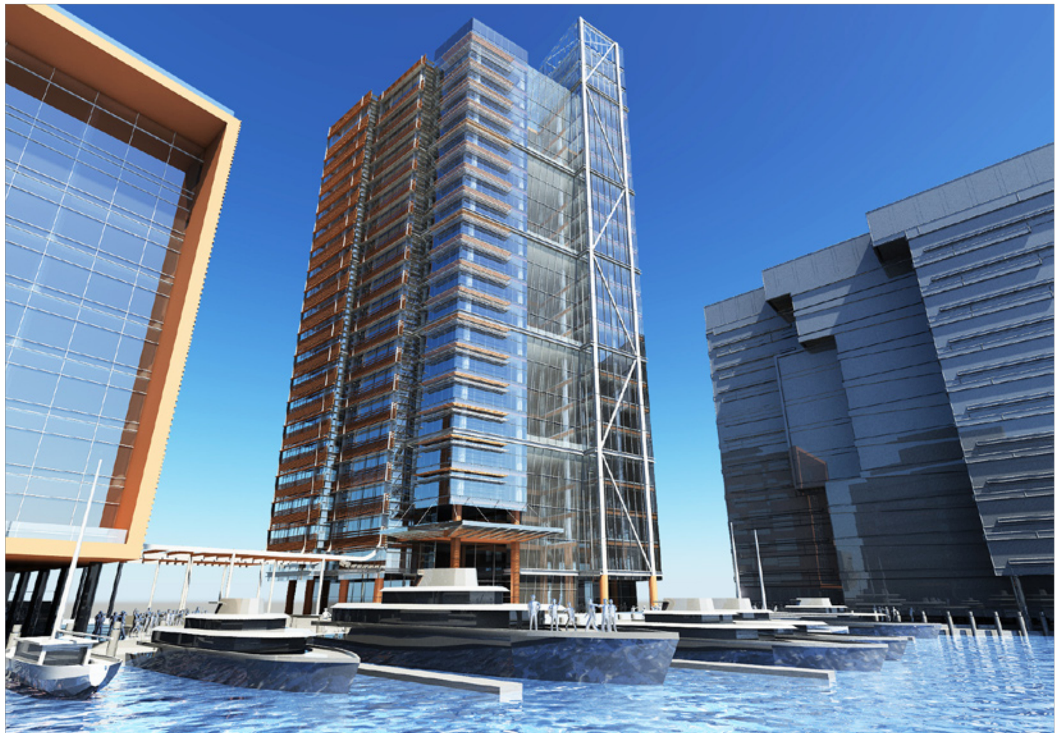
The development will be connected by a public plaza connecting all the buildings over a shopping center and two levels of parking. The master plan envisioned 12-15 low-rise buildings and 3 high rise buildings totaling approximately 320,800 square meters of total development. The buildings would house office space, retail, a new shipping transaction building, and a Five-Star Hotel. The buildings are to be designed to allow the lower buildings to be built adjacent to the river, with the high rise buildings constructed behind so that all the buildings on the site could take advantage of the extraordinary views.

## Huishan North Bund Site A


Huishan North Bund Site A is a 62,000 sq meter (670,000 sq. ft) mixed-use waterfront development complex located at North Bund area of Shanghai. The development includes four office buildings and one retail building that offer spectacular views over the Huang Pu River, Historic Bund Site, and the newly developing Pudong District. All of the buildings in the development are adjacent to new a new marina that will accommodate nearly 100 boats. The marina will be constructed over the lower levels of retail and parking. EE&K is also designing the ground level plaza that surrounds the Marina as well as the Promenade between this development and the Huang Pu River.


Construction Views

## Huishan North Bund Site B



Building 14 of the Huishan development is a 21-story, 100 meter tall high rise office building. The building will be a 35,000 square meter floor plan arranged around a 4 story tall atria stacked up the building that are oriented to take advantage of the views over the new marina, the Huang Pu river, the Pudong District and the Historic Bund District. The buildings 'saw-tooth' plan on its East and West facades take advantage of the views while providing additional window area for the offices.

## Huishan North Bund Site C

Huishan North Bund Site C consists of two major buildings: a 26,000 sq meter (260,000 sq.ft) new service apartment and an existing building that will be converted to be a 39,000 sq meter (390,000 sq. ft.) 5-star hotel. The initial intention is to rent the service apartments targeting the very high profile clientele in Shanghai and to convert the custom building into a luxury landmark adjacent to the Huang Pu River with a new marina on the west edge. A cantilevered ballroom anchored by a transparent tube, functioning as the main lobby further highlights the unique appearance of the renovated building. Both of the buildings are provided with unparalleled views towards the river and the North Bund of Shanghai which distinguishes them in the highly competitive market. The plaza enclosed by these two buildings, with a specially identified skylight leading to underground retail, further displays the uniqueness and the quality of the project.

## Huishan North Bund Service Apartments & Hotel

This hotel and service apartment complex occupies a riverfront site on the North Bund, a fast emerging new neighborhood in downtown Shanghai. The site affords dramatic views south to the skyscrapers of the Pudong financial district, and west to the row of neo-classical buildings that line the historic Bund waterfront. The service apartment tower is a "remake" of an existing structure involving the addition of significant floor area, new building systems throughout, and a fresh, new architectural form and identity for the building. The 5-star hotel achieves its distinctive sweeping form—likened to a sail unfurled—in direct response to the ever more panoramic views available to the guest rooms as the hotel floors ascend. Tucked behind the "sail" is a monumental atrium that rises the full height of the building.

# INSERT

# TAB

*G&T*


gardiner&theobald
Project and Cost
Management Consultants
www.gardinerusa.com

# NEW YORK'S PREMIER PROJECT & COST MANAGERS

- Project Management
- Cost Management
- Project Scheduling
- Cost Planning
- Cost Estimating
- Project Auditing
- Development Monitoring
- FF&E Procurement
- LEED (Sustainability) Consulting

The New York Times Center


Gardiner & Theobald Inc. (G&T Inc.) is an independent Construction Project and Cost Management practice with North American headquarters in New York City, additional offices in Los Angeles, California, Canada and the Caribbean, and international reach around the world.

**Our Mission:**

To be the natural, first-choice global service provider in our field of business.

# THE G&T INC. APPROACH

We strive to deliver a comprehensive start-to-finish package, whatever or wherever your construction project may be. G&T Inc.'s broad range of professional services, our skilled team of experts, and our extensive experience allows you to concentrate on the job at hand, secure in the knowledge that your project will be completed on time and to budget.

**Morimoto Restaurant**

# OUR PROMISE

**We are committed to:**

- Providing independent, impartial and professional advice
- Providing Clients with excellent levels of service and care
- Building long-term relationships based upon mutual trust and respect
- Fostering an understanding of social and environmental responsibility
- Supporting the continuing professional development of our people
- Providing a secure, challenging and rewarding working environment

# THE G&T INC. TEAM

Project Managers are professionals with academic backgrounds in Architecture or Engineering, and all our Senior Cost Managers are members of the Royal Institution of Chartered Surveyors.

The group has a long and impressive track record of commitment to its Clients' objectives, leading to positive outcomes for all. Teamwork is a key motivator and contributor to the success of our projects and we work closely and productively with all members of the project team.

**Gucci, 5th Avenue**
Image courtesy of Gucci

**South Gate Restaurant at Jumeirah Essex House**
Image courtesy of Brad Paris

# CORPORATE INTERIORS

**Clients/Projects include:**

- The New York Times
- Goldman Sachs
- Legg Mason
- Warburg Pincus
- Alliance Bernstein
- Brown Brothers Harriman & Co.
- WPP
- Clifford Chance
- Proskauer Rose LLP

**White & Case LLP**
© Paul Warchol

# INFRASTRUCTURE, CIVIC

**Clients/Projects include:**

- Brooklyn Bridge Park
- New York City Department of Design and Construction
- United Kingdom Consulate
- Australian Consulate
- Canadian Consulate
- United Kingdom Mission to the United States

**Brooklyn Bridge Park**

# REPOSITIONING, HEADQUARTERS

**Clients/Projects include:**

- 100 Park Avenue
- 1095 Avenue of the Americas
- The New York Times
- JP Morgan Chase
- H.I.P.
- Standard & Poor's
- The McGraw-Hill Companies

**1095 Avenue of the Americas**

# RETAIL, RESTAURANTS

**Clients/Projects include:**

- Burberry
- Cartier
- Asprey
- Van Cleef and Arpels
- Bottega Veneta
- Ermenegildo Zegna
- Pernod Ricard
- Morimoto, NYC & Atlantic City
- South Gate, Essex House Hotel
- Continental, Atlantic City
- Buddakan, NYC

**Buddakan Restaurant**

# MUSEUMS & PERFORMING ARTS

**Clients/Projects include:**

- Whitney Museum of American Art
- The Museum of Arts and Design
- Grand Rapids Art Museum
- Christie's Auction House
- Waverly Theatre
- The Manhattan School of Music
- Phillip's Auction House

**Museum of Arts and Design**

# HOTELS, LEISURE & RESORTS

**Clients/Projects include:**

- Renaissance, LA
- Park Hyatt
- Starwood Hotels
- Ace, Palm Springs
- Andre Balazs Hotels
- Rendezvous Bay, Anguilla
- Middlebrook Venture
- Marriott Vacation Resorts
- Temple Bay, Dominica
- Little Bay, Anguilla

**The Pierre Hotel**

# EDUCATION, NOT FOR PROFIT

**Clients/Projects include:**

- Pace University
- Yale University
- St. John's Academy
- Marymount College
- The Brearley School
- New York Academy of Sciences
- The Boys' Club of New York
- Greentree Foundation
- YMCA

**New York Academy of Sciences**

# RESIDENTIAL

**Clients/Projects include:**

- Equity Residence
- River Terrace
- Alchemy
- 785 8th Avenue
- 9900 Wilshire Blvd.

785 8th Avenue

# SUSTAINABILITY

**Sustainable Clients/Projects include:**

- LEED Silver Mixed-Use Project in Brooklyn, New York
- LEED Gold Foundation Project, New York
- LEED Silver New Construction, Core & Shell, and Commercial Interior Projects, NYC and Los Angeles
- LEED Gold New Construction, and Core & Shell Projects, Los Angeles and New York City

**Gardiner & Theobald is committed to progressing Sustainability in the industry and reducing environmental impact around the globe.**

**The New York Times Building**

**Gardiner & Theobald was formed in 1840 and operates throughout the world, with offices and/or project experience in the following countries:**

Anguilla
Antigua & Barbuda
Argentina
Austria
Bahamas
Bahrain
Barbados
Belgium
British Virgin Islands
Bulgaria
Canada
Cayman Islands
China
Croatia
Cyprus
Czech Republic
Denmark
Egypt
Estonia
Finland

France
Germany
Greece
Hong Kong
Hungary
India
Israel
Italy
Kuwait
Latvia
Lebanon
Lithuania
Luxembourg
Mexico
Montenegro
Morocco
Norway
Oman
Poland
Portugal

Qatar
Republic of Ireland
Romania
Russia
Serbia
Slovakia
Slovenia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Thailand
The Netherlands
Turkey
Turks & Caicos Islands
Ukraine
United Arab Emirates
United Kingdom
United States of America

■ Gardiner & Theobald offices ■ Alliance offices □ Experience

**Gardiner & Theobald Inc. was established in 1991 and has quickly become the North American construction industry's leading independent Project and Cost Management Consultancy.**

**Gardiner & Theobald Inc.**
317 Madison Avenue
19th Floor
New York, NY 10017
**Tel:** 212 661 6624
**Fax:** 212 661 6393

**Gardiner & Theobald Inc.**
9777 Wilshire Blvd.
Suite 800
Beverly Hills, CA 90212
**Tel:** 310 598 1944
**Fax:** 310 285 9833

**Gardiner & Theobald Inc.**
600 Bow Valley Square II
205 5th Avenue S.W.
Calgary, Alberta, T2P 2V
Canada
**Tel:** 403 705 1653
**Fax:** 403 266 2453

**Gardiner & Theobald Ltd**
Box PW5118
The Valley
Anguilla, West Indies
**Tel:** 212 661 6624

**www.gardinerusa.com**

**Front cover: The New York Times Building, New York**

**Gardiner & Theobald Inc.**
Response to RFP for Project & Cost Management Services

To:

SL GREEN
REALTY CORP.

June 2010

## CONTENTS

# I. Firm History & Qualifications

## I. FIRM HISTORY & QUALIFICATIONS

Gardiner & Theobald Inc. has been providing Project and Cost Management services in the United States since 1992.

We have offices in New York City, Los Angeles, Washington D.C. and Anguilla in the Caribbean, with a combined total of 82 professional staff at this time.

- New York 70
- Los Angeles 8
- Washington D.C. 2
- Anguilla 2

We are currently managing projects (which are in various stages of development) with a combined total project value in excess of $6.0 Billion.

The original founding company was established in 1840 as Construction Consultants. Since that time, Gardiner & Theobald has evolved into a multi-disciplinary construction consultancy with a global presence with over 1,000 staff worldwide.

Countries that have Gardiner & Theobald **offices** and **associations** are below:

Anguilla
Argentina
Australia
Austria
British Virgin Islands
Cayman Islands
China
Croatia
Cyprus
Czech Republic
Denmark
Finland
France
Germany
Greece
Hong Kong
Hungary
India
Indonesia
Israel
Italy
Kenya
Malaysia
New Zealand
Norway
Papua New Guinea
Philippines
Poland
Portugal
Republic of Ireland
Romania
Russia
Saudi Arabia
Singapore
Slovakia
South Africa
Spain
Sultanate of Oman
Sweden
Switzerland
Thailand
The Netherlands
Turkey
Turks & Caicos Islands
United Arab Emirates
United Kingdom
United States of America

### Company Focus

Gardiner & Theobald Inc. sets itself apart from other Project Management firms in that we exclusively specialize in Project and Cost Management and have a deep-rooted history which provides a level of professionalism and a culture of Client Service.

We are proud of the fact that over 80% of our work comes from repeat business and referrals.

We guarantee to deliver a comprehensive “start to finish” package which not only allows you to concentrate your expertise on your day to day business, but also adds certainty that your project is completed on time and to budget. Our consulting services are delivered by our three professional groups: **Project Management, Cost Management and Sustainability.**

## I. FIRM HISTORY & QUALIFICATIONS

### Project Management Group

The Project Management Group provides a complete Project Management service from design, construction and through project close-out.

In addition to our standard services, our Project Management Group provides development monitoring, scheduling and Risk Assessment where required.

Our Project Management Group is comprised of individuals with academic backgrounds in either Architecture or Engineering.

### Cost Management Group

The Cost Management Group provides the services of estimating, cost planning and cost management from design and construction through financial close-out.

In addition to standard services, our Cost Management Group provides risk management, value engineering and financial peer review services as and when required.

We do not subcontract out any of our Cost Estimating or Cost Management services and as such we have an extensive in-house database of construction and related costs which allow us to provide accurate budgeting and estimating as part of our overall service.

Our Cost Management Group is comprised of individuals with the academic background of Quantity Surveying, and the majority are Chartered Members of the Royal Institution of Chartered Surveyors.

### Sustainability Group

We formed a separate LEED / Sustainability group in 2007 and have since been appointed on a number of varied projects to provide LEED Certification consulting services.  Currently, Gardiner & Theobald has 10 LEED accredited professionals on staff.

## I. FIRM HISTORY & QUALIFICATIONS

### Our Objectives

- To provide independent, impartial and professional advice wherever and whenever our Clients require
- To provide Clients with excellent levels of service and care
- To build long-term relationships based upon mutual trust and respect with our Clients and fellow professionals
- To foster an understanding for social and environmental responsibility for the world in which we live, for the rights of all individuals, and for laws and customs of the countries in which we operate
- To support the continuing professional development of our people so that each may remain competent
- To provide a secure, challenging and rewarding working environment that will attract, motivate, develop and maintain the best possible people
- To operate the business to ensure financial strength and widen the ownership of the business *within* the business.

### Where Gardiner & Theobald Differentiates Itself from Its Competition

- Professional staff with academic backgrounds in Architecture and Engineering or Quantity Surveying.
- Market knowledge expertise: Due to the extensive volume of work our office undertakes, we are constantly aware of changing marketplace conditions and trends.
- Tried and tested systems of Project and Cost Management, we have been in business Project Consulting since 1840.

# II. Experience

## II. EXPERIENCE

### Development, Major Modification, Core & Shell Projects

**Brooklyn Bridge Park**
Brooklyn, NY

**Description**
85 acres of industrial waterfront into the largest park project undertaken in the city in 100 years

**Size**
85 acres, 1.5 miles

**Cost**
N/A

**Completion Date**
2012

**The United Nations Capitol Master Plan**
New York, NY

**Description**
Renovation of existing buildings, construction of new curtain wall.

**Size**
2,500,000 sf

**Cost**
$1.87 B

**Completion Date**
2013

## II. EXPERIENCE

### Development, Major Modification, Core & Shell Projects

**The New York Times**
New York, NY

**Client**
The New York Times

**Description**
Project and Cost Management of the new 1.6 million SF Renzo Piano headquarters for The New York Times.
Working with a signature architect based in Europe Gardiner & Theobald have managed the process working with local execution architects.
The project includes executive offices, cafeteria, conference center, data center, auditorium and what will be the largest cogeneration plant in a New York City office tower.

**Size**
Total building is 1.5 million sf, fit out was 900,000 sf.

**Cost**
N/A

**Completion Date**
2007

**Goldman Sachs**
Jersey City, NJ

**Client**
Goldman Sachs

**Location**
30 Hudson, Jersey City, NJ

**Description**
Cost management of new 1.1 million SF office tower for Goldman Sachs with a 1,000 car below-ground parking garage.

**Size**
1,200,000 SF

**Cost**
N/A

**Completion Date**
January 2004

## II. EXPERIENCE

### Development, Major Modification, Core & Shell Projects

**Metrotech, Chase Manhattan Bank**
Brooklyn, NY

**Client**
Metrotech – Chase Manhattan Bank

**Location**
Brooklyn, New York

**Description**
The project consisted of two steel framed tower buildings of support office space, data center, cafeteria and child care center. The Gardiner & Theobald team was embedded into the Chase Manhattan Team in 1991 for three years from ground breaking to close out.

**Cost**
N/A

**Size**
2,040,000 RSF

**Completion Date**
1993

**100 Park Avenue**
New York, NY

**Client**
SL Green Realty Corp.

**Size**
840,000 SF

**Description**
Renovation of office building including new Curtain Wall, Lobby, MEPs infrastructure.

## II. EXPERIENCE

### Development, Major Modification, Core & Shell Projects

**437 W. 13th Street**
New York, NY

**Description**
Gardiner & Theobald is providing Project and Cost Management on the development of a LEED certified building along the high line.

**Size**
115,000 SF

**Cost**
N/A

**Completion Date**
2014

**785 8th Avenue**
New York, NY

**Client**
Esplanade Capital LLC

**Description**
43 story residential apartment building

**Size**
135,000 SF

**Cost**
$ 55 M

**Completions Date**
April 2008

## II. EXPERIENCE

### City Projects

**New York Police Academy**
Queens, NY

**Client**
NYC Department of Design and Construction

**Location**
College Point

**Description**
Cost Management and Estimating on the complete new build of this institution.

**Size**
3,000,000 SF

**Completion Date**
2013

**Emergency 911 Call Center**
Bronx, NY

**Client**
NYC Department of Design and Construction

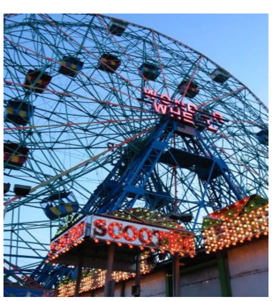
**Location**
Bronx, NY

**Description**
Cost Management and Estimating on the complete new build.

**Size**
700,000 SF

**Completion Date**
2012

**Coney Island Auditorium**
Brooklyn, NY



**Client**
NYC Department of Design & Construction

**Description**
Gardiner & Theobald is working on the Estimating for NYCDCC on the open-air performing arts center with a complex, retractable roof.

**Completion Date**
In the beginning stages

## II. EXPERIENCE

### City Projects

**Whitney Museum of American Art**
New York, NY


**Client**
Whitney Museum of American Art

**Description**

Project & Cost Management on a number of independent projects to maintain and update infrastructure, including new cooling tower, asbestos abatement.

**Size**

220,000 SF

**Funding**
Private donations and public funding

**Whitney Ganesvoort**
New York, NY

**Client**
Whitney Museum of American Art

**Description**

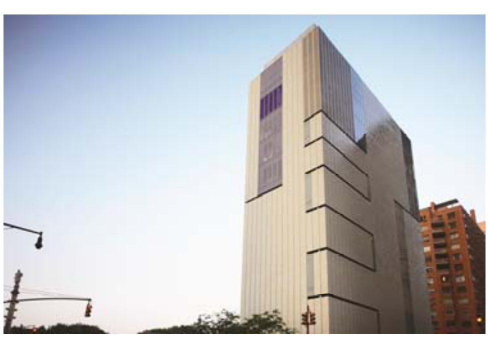
Project & Cost Management on the new museum which is part of the High Line District- publicly and privately funded. In dialogue with SHPO & will be following ULURP.

**Size**

220,000 SF

**Funding**
Private donations and public funding

**Museum of Arts and Design**
New York, NY



**Client**
Trustees of the Museum of Arts and Design

**Description**
Project and Cost Management for the renovation of the new Museum of Arts & Design in New York, complete with educational and cultural facilities, and a civic center serving visitors, students, families and artists. Mixture of public and private funding. Liaising with EDC, VENDEX.

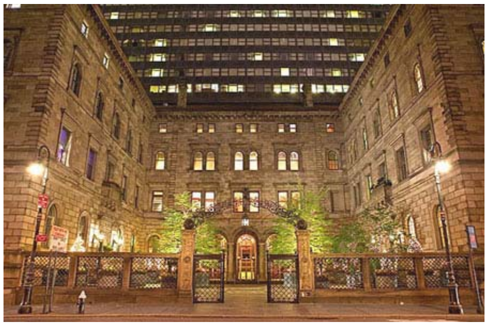
**Size**
54,000 SF

**Funding**
Private donations and public funding

## II. EXPERIENCE

### Hotel & Leisure Projects

**The Palace Hotel**
New York, NY



**Client**
Dorchester Collection

**Description**
Full renovation of the entire hotel, including the Villard Mansion (scope in Villard includes the restoration of existing finishes)

**Size**
1,200,000 SF

**Approximate Value**
Confidential

**Completion Date**
2013

**The Pierre Hotel**
New York, NY

**Description**
Cost and Project Management services for the renovation of this historic hotel in New York City. In addition to the complete renovation of all 186 guestrooms, G&T is overseeing the building of new lobby lounge, pantry, dumbwaiter, interior stair and luggage elevator with ADA lift. Also, overseeing complete redesign of Café Pierre and bar, relocating the Executive Offices of hotel, and renovating the fitness center, passenger elevator refurbishment. The hotel will be fully operational during this work.

**Size**
186 keys

**Approximate Value**
Confidential

**Architect/Designer**
Champalimaud Design, JPA, BBGM

**Completion Date**
Summer 2009

## II. EXPERIENCE

### Hotel & Leisure Projects

**Willow Hotel**
New York, NY


**Description**
Project and Cost Management for an 110,000 SF new build hotel for Willow Hotels.
The project includes the demolition of an existing 14 story building and new build of a 22 story building located at 120 W 57th street. The project will include an air rights transfer from the Theater District which will increase the FAR from a 6 FAR to an 8 FAR.

**Size**
220 keys

**Hotel Bel-Air**
California

**Description**
Project and Cost Management services on the complete renovation and remodeling of 93 guestrooms, including the ballroom and pavilion rooms, while keeping the hotel in full operation.

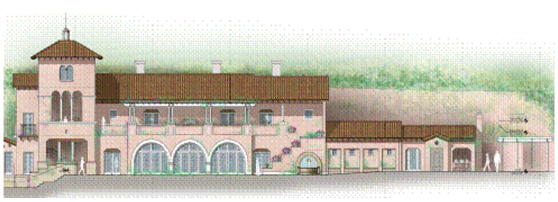
**Size**
93 keys

**Approximate Value**
Confidential

**Architect/Designer**
Champalimaud Design

**Completion Date**
Spring 2010

**Bel-Air Spa**
California



**Description**
Gardiner & Theobald is the Project and Cost Manager on the core & shell, and interior fit-out of the high end new spa to complete the renovated Bel-Air Hotel.

**Size**
12,000 SF

**Approximate Value**
Confidential

**Architect/Designer**
Champalimaud Design

**Completion Date**
December 2009

## II. EXPERIENCE

### Hotel & Leisure Projects

**Beverly Hills Hotel**
Beverly Hills, CA

**Client**
Dorchester Collection

**Description**
Gardiner & Theobald are Project and Cost Managers for the expansion and renovation of this five-star luxury hotel on Sunset Blvd.

**Size**
204 guestrooms & suites, including bungalows

**Approximate Value**
Confidential

**Hotel Bel-Air – The Villas**
Los Angeles, CA

**Client**
Dorchester Collection

**Description**
Project and Cost Management services on the New Construction of 8 Luxury Villas on the Hotel Bel-Air property , including infinity pools, private gardens/deck, landscaping

**Size**
8 villas

**Approximate Value**
Confidential

**Completion Date**
Mid 2011

**Ace Hotel**
Palm Springs, CA

**Description**
Project and Cost Management services for the renovation of an existing Howard Johnson's and creating a boutique hotel.

**Size**
200 keys on a 4 acre site.

**Approximate Value**
$20 M

**Architect/Designer**
Commune

**Completion Date**
January 2009

## II. EXPERIENCE

### Hotel & Leisure Projects

**Hotel Bel-Air**
Los Angeles, CA

**Description**
Project and Cost Management services on the New construction of 4 luxury properties in Bel-Air adjacent to the Hotel Bel-Air on a 12 Acre Site. Properties will hold 30 high end retreat suites along with additional spa, restaurants, pool, tennis courts.

**Size**
30 Suites

**Approximate Value**
$60M

**Architect/Designer**
TBD

**Completion Date**
Mid 2013

**Chelsea Market Hotel**
New York, NY


**Description**
Gardiner & Theobald has been selected as Cost and Project Managers on the 90,000 SF expansion of Chelsea Market for hotel use, to be 120 guestrooms.

**Size**
120 keys

**Approximate Value**
$80 M

**Architect/Designer**
Christian Liaigre

**Completion Date**
2012

## II. EXPERIENCE

### Hotel & Leisure Projects

**Soho House**
New York, NY

**Description**
Gardiner & Theobald was retained by The Royal Bank of Scotland on behalf of Soho House to oversee the construction process.

**Size**
25,000 SF

**Approximate Value**
$17 M

**Completion Date**
2003

**Hilton Hotel**
Washington, DC

**Client**
Canyon Partners

**Size**
1,100 Keys

**Service Provided**
Owner's Representation/ Monitoring

**Description**
Complete renovation of exterior and interior of hotel rooms, public spaces, amenities, restaurants, bars, conference rooms.

**Hotel Evangeline**
Philadelphia, PA


**Description**
Feasibility study for boutique hotel at 320 Walnut St, in Philadelphia, PA.

**Size**
115 keys

**Approximate Value**
$35 M

**Architect/Designer**
N/A

## II. EXPERIENCE

### Retail

**1551 Broadway**
New York, NY

**Client**
SL Green

**Description**
Core and shell retail construction project with three floors, being constructed in one of the highest profile neighborhoods in Manhattan (46th Street and Broadway; Times Square). New Kawneer curtain wall system with Solarban starfire glass. American Eagle Outfitters has leased the building for the next 15 years with sign and advertising rights. The sign above will be 250 sf.

**Size**
15,000 SF

**Value**
$30 M

**Completion Date**
March 2009

**29 W. 34th St**
New York, NY


**Client**
SL Green

**Description**
3 story core & shell project, occupied by two retail tenants, including new Kawneer 1600 clear anodized curtain wall system.

**Size**
14,000 SF

**Value**
$13 M

## II. EXPERIENCE

### Retail

**Burberry**
New York, NY

**Client**
Burberry

**Size**
36,000 SF

**Description**
All projects throughout the United States including: Costa Mesa, Boston, San Francisco, SoHo NYC, Tyson's Corner, Oak Brook, Houston, Miracle Mile Manhasset, Miami, Orlando, Troy, Hawaii, Santana Row

**Top Shop**
New York, NY


**Client**
Arcadia Group

**Description**
Providing Arcadia with Project and Cost Management Services for Arcadia's first, wholly owned retail store outside the United Kingdom.

**Size**
41,000 SF

**Completion Date**
The store is due to Open in October 2008 with the potential of additional stores to follow.

**Ermengildo Zegna**
New York, NY

**Description**
Project and Cost Management on the interior fit-out and complete renovation of the store which included new elevator and feature staircase; voted Best Retail Project of 2008 by New York Construction.

**Size**
13,000 SF

**Value**
Approx. $16 M

**Architect/Designer**
Peter Marino, Shawmut

## II. EXPERIENCE

### Retail

**Louis Vuitton**
New York, NY

**Client**
Louis Vuitton

**Location**
57th Street Flagship store

**Description**
Core and shell with interior fit out conversion of Time Warner/Disney. Four floors with feature staircase that wraps around a feature wall (changes color, with graphics), elevator and addition of atrium. Replacement of façade and worked with Yen Junaoki as project architect.

**Size**
30,000 SF

**Completion Date**
2003

**Cartier**
Beverly Hills, California


**Client**
Richemont

**Location**
Rodeo Drive, Beverly Hills

**Description**
G&T managed the core and shell redevelopment (building owned and the installation of the Cartier retail interiors. For both the building exterior finishes and interior fit-out and retail branding, it involved globally sourcing and procuring the highest quality of finished materials from all over the world. Gardiner & Theobald completed design coordination and construction coordination as project and cost managers.

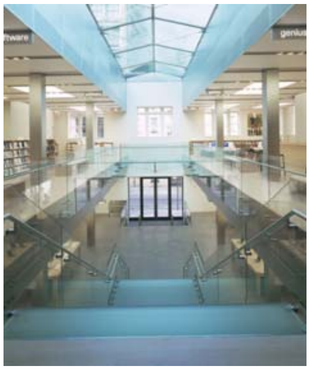
**Size**
10,000 SF

**Value**
$8 M

## II. EXPERIENCE

### Retail

**Apple Store**
New York, NY



**Location**
Soho, New York City

**Description**
Cost Estimating and Schedule Advice for new build of 35ft high retail space, full height structural glazing and large-span structural glass roof, stone facade and internal stone staircase down to cellar level retail space. Architect Bohlin Cywinski Jackson.

**Size**
22,000 SF

**Value**
Confidential

**Chelsea Markets**
New York, NY

**Client**
Jamestown

**Description**
The creation of retail access to Chelsea Market from 15th Street. The project included the removal of structural columns in several locations such that oversized entry's can be created. Also new storefront installed along 15th street which replaced double hung windows.

**Value**
$4m

## II. EXPERIENCE

### Retail

**Gucci**
New York, NY

**Client**
Gucci Group

**Description**
Gardiner & Theobald was engaged as Project & Cost Managers for the reconstruction of two buildings owned by Gucci Group at 54th Street and 5th Avenue. One building was completely demolished and a new22 story building constructed and joined to the existing building to form one single building

**Size**
120,000 SF, and G&T were also engaged to manage to the design and construction of the new 360,000 SF flagship store in the base of the building.

**Completion Date**
2008-
G&T has since been retained by Gucci Group on numerous projects including the new flagship at Trump Tower, various YSL projects, and Botegga Venetta on 5th Avenue.

**Mercedes Benz**
New York, NY

**Description**
Two phases of new construction and commercial interior fit-out project will include:
Phase 1- supervising construction of 3 levels for Mercedes Benz, to last 23 months
Phase 2- Project and Cost Management of commercial interior fit-out of showroom, to last 12 months

**Size**
332,000 SF

**Value**
$85 M for showroom only

**Completion Date**
2010

## II. EXPERIENCE

### Retail

**Christie's Auction House**
New York, NY

**Client**
Christie's

**Size**
305,000 SF

**Service Provided**
Project and Cost Management

**Description**
Conversion of parking garage to form Auction House, offices, photography studios and art storage.

**Bottega Veneta**
New York, NY


**Location**
5th Avenue, NYC

**Completion Date**
2004

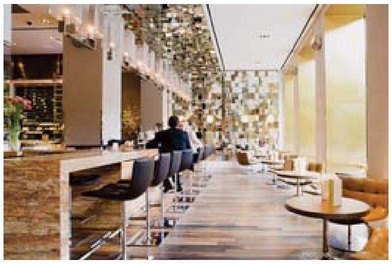
**Value**
$8m

**Description**
New flagship store fit-out including high end interiors, millwork, lighting and new feature architectural stair and storefront. Gardiner & Theobald provided Project & Cost Management services.

## II. EXPERIENCE

### Restaurant

**South Gate Restaurant at The Essex House Hotel**
New York, NY



**Description**
Project and Cost Management for Jumeirah Essex House. Gardiner & Theobald undertook Phase 1 of a multi phase restaurant project within The Essex House Hotel on Central Park South.

**Size**
10,000 SF

**Approximate Value**
Confidential

**Architect/Designer**
Stonehill & Taylor

**Completion Date**
February 2008

**Morimoto Restaurant**
New York, NY

**Description**
G&T was the Project and Cost Managers on the restaurant at Chelsea Markets, NYC and were also part of the Philadelphia Morimoto project.

**Size**
13,000 SF (140 seats)

**Completion Date**
February 2006

## II. EXPERIENCE

### Restaurant

**Buddakan Restaurant**
New York, NY

**Description**
Restaurant in Meat Packing District. Gardiner & Theobald were responsible for the Cost and Project Management on this Meat Packing District restaurant. Buddakan features double-height restaurant space, with all of the intricate woodwork carved in Lyon, France and shipped over to be assembled in New York. Gardiner & Theobald also worked on the Buddakan in Atlantic City, as well as the Starr Continental in Atlantic City.

**Size**
16,000 SF (350 seats)

**Approximate Value**
Confidential

**Architect/Designer**
Christian Liaigre

**Completion Date**
February 2006

**Montenapo Restaurant**
New York, NY

**Client**
HK Hotels

**Description**
Project and Cost Management on the new construction of a Northern Italian restaurant located in future landmarked New York Times building with 150+ seating availability with overlook views of the NYT birch garden.

**Size**
7,300 SF

**Approx Value**
$4.5 M

## II. EXPERIENCE

### Restaurant

**Buddakan**
Atlantic City, NJ

**Description**
Project and Cost Management for Starr Restaurants on their Atlantic City restaurant

**Designer**
Shawn Hausman

**Approx Value**
$10 M

**Size**
12,000 SF

**Continental Restaurant**
Atlantic City, NJ

**Description**
Project and Cost Management for Starr Restaurants on their new Atlantic City restaurant.

**Designer**
Shawn Hausman

**Approx Value**
$10 M

**Size**
12,000 SF

**Parc Brasserie**
Philadelphia, PA

**Description**
Gardiner & Theobald performed Feasibility studies and provided Cost Estimating on Starr Restaurants new Philadelphia restaurant.

**Designer**
Shawn Hausman

**Approx Value**
$7 M

**Size**
12,000 SF

## II. EXPERIENCE

### Race Tracks

**Client**
New York Racing Authority

**Description**

G&T have been retained by NYRA as project and Cost managers for the renovation and redevelopment of Saratoga Race Track.

**Approximate Value**
TBD

**Architect/Designer**
David H Schwartz


**Client**
Parx Casino

**Description**
Casino expansion to provide gaming areas (slot machines and card games), restaurants, bars, service tunnel, loading dock and back of house / cage/ sally port areas.  Phased working whilst casino and racetrack remain fully operational. Further masterplan pipeline for new racecourse grandstand, expanded gaming, dining and hotels.

**Approximate Value**
$65m Construction

**Architect/Designer**
Kling Stubbins

## II. EXPERIENCE

### Race Tracks

**Ascot Racecourse Redevelopment**
Ascot, Berkshire

**Client**
The Ascot Authority

**Description**
Redevelopment of the racecourse including initial masterplanning. New 50,000m² grandstand with private lounges, 280 private boxes, bar, restaurants, totes, bookmakers, jockeys' facilities & new paddock/parade ring, track realignment & new road underpass.

**Approximate Value**
$250 M

**Architect/Designer**
HOK

**Nad Al Sheba Golf & Racing Club**
Dubai, UAE

**Client**
Nad Al Sheba Gold & Racing Club

**Description**
Nad Al Sheba Golf & Racing Club, which hosts the richest horse race in the world, the Dubai World Cup, is undergoing a continuous upgrade of its general facilities.
Involved in 6 separate phases of this upgrade, as follows: new camera towers to race track; upgrade of existing White Car Park; racetrack lighting upgrade; main grandstand extension; new storage facility; kitchen extension to golf clubhouse.

**Approximate Value**
N/A

## II. EXPERIENCE

### Race Tracks

**Aintree Grandstand**
Aintree, UK

**Client**
Aintree Race Course Company Ltd

**Description**
Construction of new Grandstand at Aintree Racecourse.

**Approximate Value**
$9 M

**Architect/Designer**
Lobb Partnership

**Goodwood Racecourse**
West Sussex

**Client**
Goodwood Racecourse Limited

**Description**
Paddock redevelopment comprising new parade ring facilities including paddock, horse walks, landscaping and external works. The project was a Civic Trust Award winner in 2003. Demolition/re-construction of weighing-in building, new two-level seafood restaurant, new west entrance building with fabric canopy roof.

**Approximate Value**
$6.5 M

**Size**
10,500 SF

**Architect/Designer**
Michael Hopkins & Partners

# III. US Client Base

## III. US CLIENT BASE

*The following is a selection of Gardiner & Theobald Inc. Clients:*

**Airports**

Israeli Airport Authority
Pittsburgh Airport Authority
BAA

**Corporate Offices Interiors**
***General***

Alix Partners
Arcelor
Arthur Anderson
AT&T
Bacardi
BMC Software
British Telecom
BT / Syntegra
CV Starr Company
Diaggio
Disney
Douglas Elliman
Fidelity
Frankel & Co
Gartner
Hill & Knowlton
HIP
JLT Risk Solutions
Legg Mason
Li & Fung
Liberty Mutual
Lincoln Express
Moody's
MSNBC
MTA
NBA
NBC
New York Life
Northstar
Pernod Ricard
PWC
Primedia
Purdue Pharma
Razor Fish

Zurich Re

## III. US CLIENT BASE

### *Financial Services*

Alliance Bernstein
Amaranth
American Express
Bank Nationale de Paris
Barclays Capital
Bear Stern
Brown Brothers Harriman & Co
Calyon
Carlin Financial Services
Citibank
Credit Lyonaise
Dime Bank
Goldman Sachs
Great Western Bank
HSBC
Ixis
JP Morgan Chase
Kantar
Landesbank
Legg Mason
Man Investments
Merrill Lynch
Octagon Credit Investors
Royal Bank of Scotland
Schroders
Silverpoint Capital
Standard & Poors
Taconic Capital
Wells Fargo Bank

### *Law Practices*

Becker, Glynn, Melamed & Muffly LLP
Boies, Schiller & Flexner LLP
Clifford Chance US LLP
Curtis, Mallet Prevost, Colt & Mosle LLP
Dechert LLP
Gregory Joseph LLP
Hunton & Williams LLP
Latham & Watkins LLP
Linklaters LLP
Mannatt LLP
McCarter & English LLP
Mintz Levin

O'Melveny & Myers LLP

## III. US CLIENT BASE

***Law Practices (cont'd)***

Pitney Hardin Kipp & Szuch LLP
Proskauer Rose LLP
Swidler Berlin Shereff Freidman LLP
Thacher Proffitt & Wood LLP
White & Case LLP

**Corporate Offices Interiors Cont'd**

***Media***

Business Week
Corbis
Disney
Dow Jones
Grey
Grey Healthcare
Hachette Filipacchi Media
Hill & Knowlton
Kanter
Oglivy & Mather
MediaCom
Media Edge
McGraw Hill
News Corporation
Oxford University Press
Publicis Group
SBE Entertainment
The New York Times
Time Inc.
The Brand Union
WPP Maxus
Young & Rubicam

***Retail Offices and Showrooms***

Gucci
Hampshire Group
Li & Fung
Limited Brands
LVMH
Renfro
Sara Lee

## III. US CLIENT BASE

### Education - Colleges and Universities

LIM College
Pace University
Yale University
Marymount College
Manhattan School of Music
St. Johns Academy

### Education - Schools

Birch Wathen Lenox School
Bedford High School
Beverly High School
Brearley School
Bridgewater Schools
Concord School
Lincoln Park School
Marblehead Middle School
Southborough Schools
Shampscott High School
Wellesley High School
Dennis Yarmouth High School

### Government

Australian Consulate, NYC
British Consulate, NYC
Canadian Consulate, NYC
Canadian Mission to the UN
Commonwealth Joint Office to the UN
Hong Kong Economics and Trade Office
NYC Department of Design and Construction
NYC Public Library
UK Mission to the UN
The United Nations Campus Redevelopment
The City of New York

### Healthcare

Grey Healthcare
H.I.P

## III. US CLIENT BASE

### Hotels and Restaurants / Leisure

Andre Balazs
Bel Air Hotel, LA
Beverly Hills Hotel, LA
Hard Rock Hotel
Jumeirah Essex House
Le Cirque Restaurant
Marriott Vacation Resorts
Middlebrook Ventures LLC
Montenapo Restaurant
New York Palace Hotel
Park Hyatt Hotel
Schrager Hotels
South Gate Restaurant
Starr Restaurants
Starwood
The Pierre Hotel
TAJ Resorts & Palaces
Willow Hotels

### Landlords / Developers

Beacon Capital
Brooklyn Bridge Park Development Corp.
GFI Development
L&L Holdings
Macklowe Properties
Monday Properties
SL Green
Solow
Somerset

### Museums and Art Galleries

The Whitney Museum of American Art
Museum of Arts & Design
Grand Rapids Museum
Christie's Auction House
Philly's Auction House
Affirmation Arts Gallery
Virginia Museum of Fine Arts

## III. US CLIENT BASE

**Not For Profit Institutions**

Bloomberg Foundation
Brooklyn Bridge Park
Greentree Foundation
Jewish Board of Family and Children's Services
New York Academy of Sciences
The Boys Club of New York
UJA
UJC
YMCA
Note: (See also Educational, Museum Clients and Healthcare)

**Residential**

Candy & Candy
Equity Residential
Macklowe
Kaish & Taub
Jamestown
Tribeach

**Retail**

Apple
Asprey
Barneys
Bottega Venetta
Boucheron
Burberry
Cartier
Christian Dior
Clarins
Donna Karen
Ermenegildo Zegna
Gap
Gucci
Kozmo.com
Louis Vuitton
Mercedes-Benz
Panerai
Sergio Rossi
TopShop
Yves Saint Laurent.

## III. US CLIENT BASE

**Theaters**

The Independent Film Channel
Pavillion at Sun Valley, Idaho
Starlight Theater
Stratford Theater
Times Center

**Waterfront / Park Redevelopment**

Brooklyn Bridge Park Development Corporation

# IV. References

## VIII. REFERENCES

1) William Potts
L&L Holding
212 920 3378

2) Andrew Moore
Beacon Capital
617 457 0449

3) Angelo Salvatore
The New York Times
212 556 3553

4) Mike Carvalhido
News Corporation
212 852 7296

5) Heiko Kuenstle
The Pierre Hotel
212 940 8150

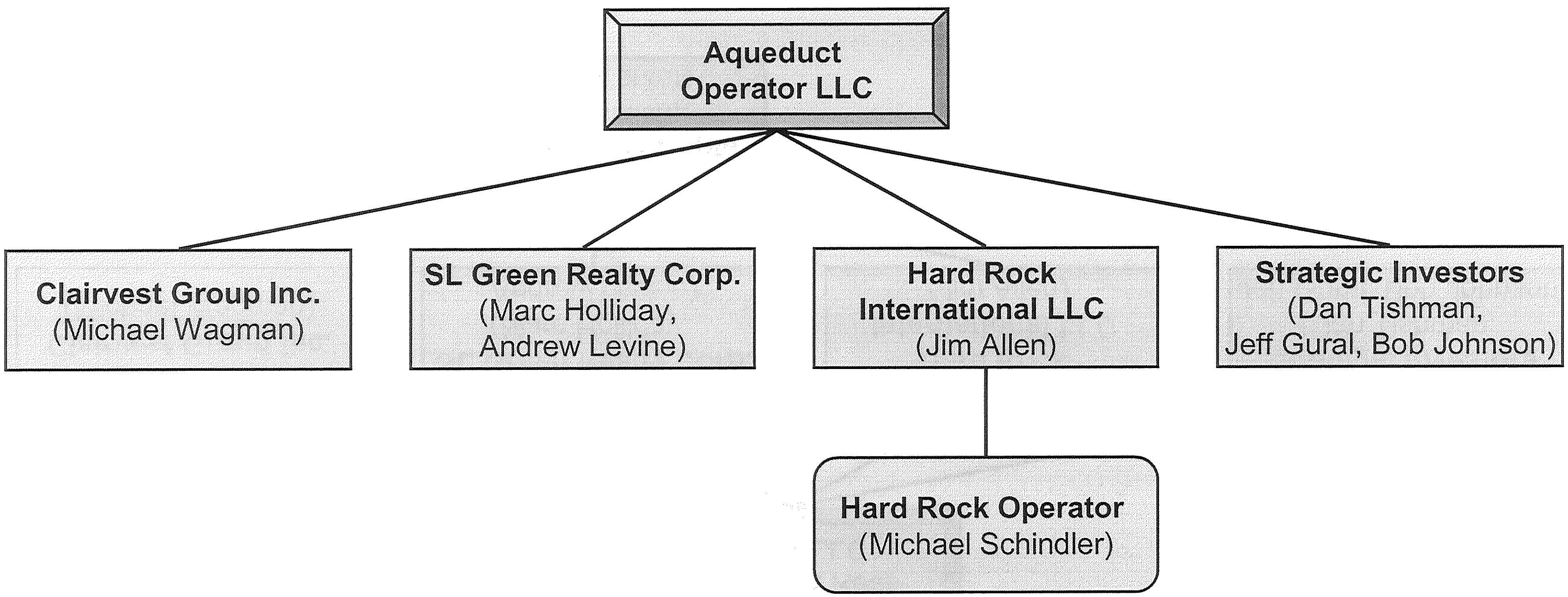
6) Fran LoMonaco
WPP
212 632 2232

# INSERT

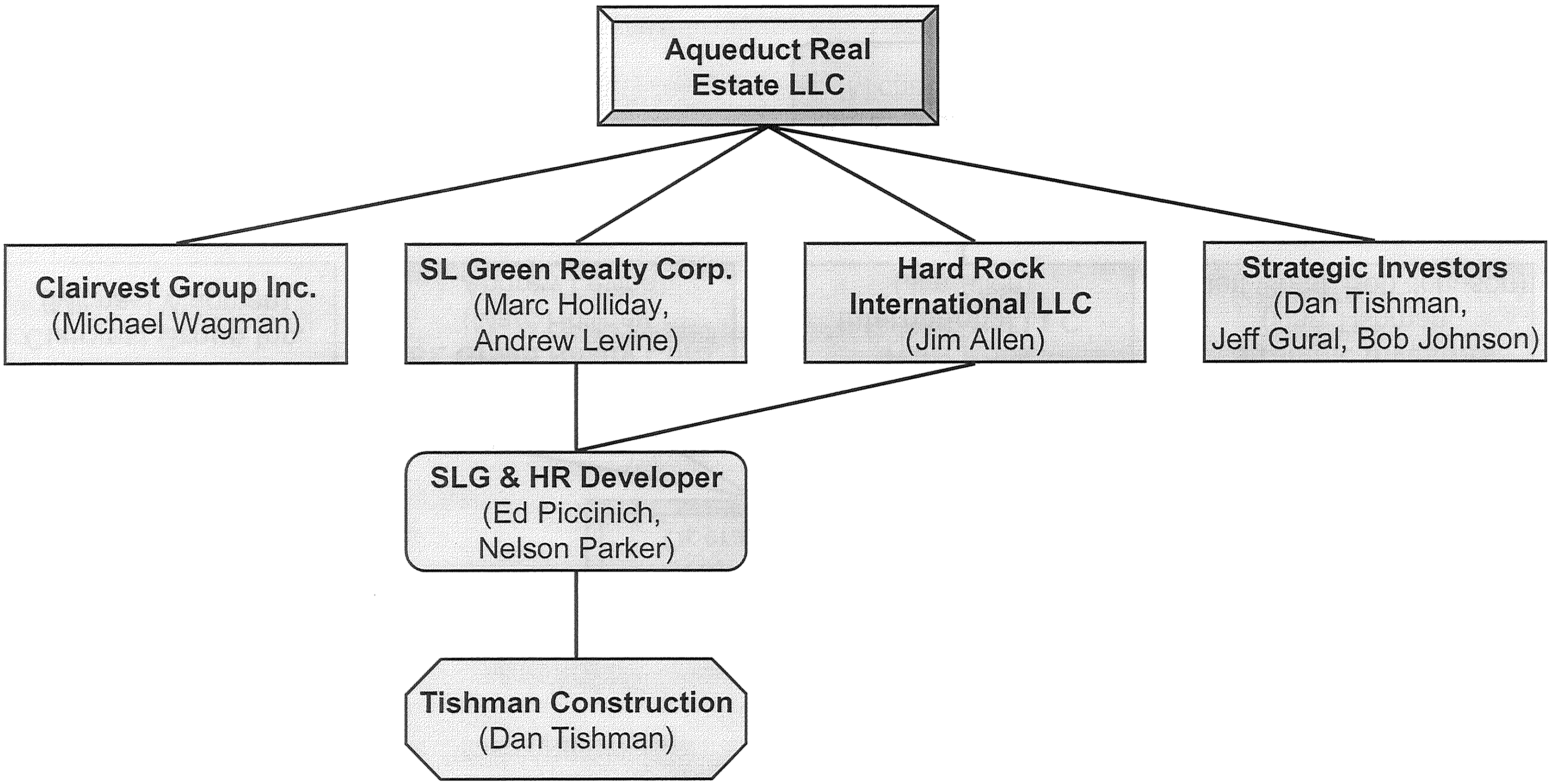
# TAB

Leadership - Organization

# LEADERSHIP / MANAGEMENT – ORGANIZATIONAL CHART



# LEADERSHIP / MANAGEMENT – ORGANIZATIONAL CHART



# INSERT

# TAB

Capital Plan

**CAPITAL PLAN**

**REDACTED ( 200 PAGES )**

**CAPITAL PLAN**

**REDACTED ( 200 PAGES )**


NEW YORK LOTTERY

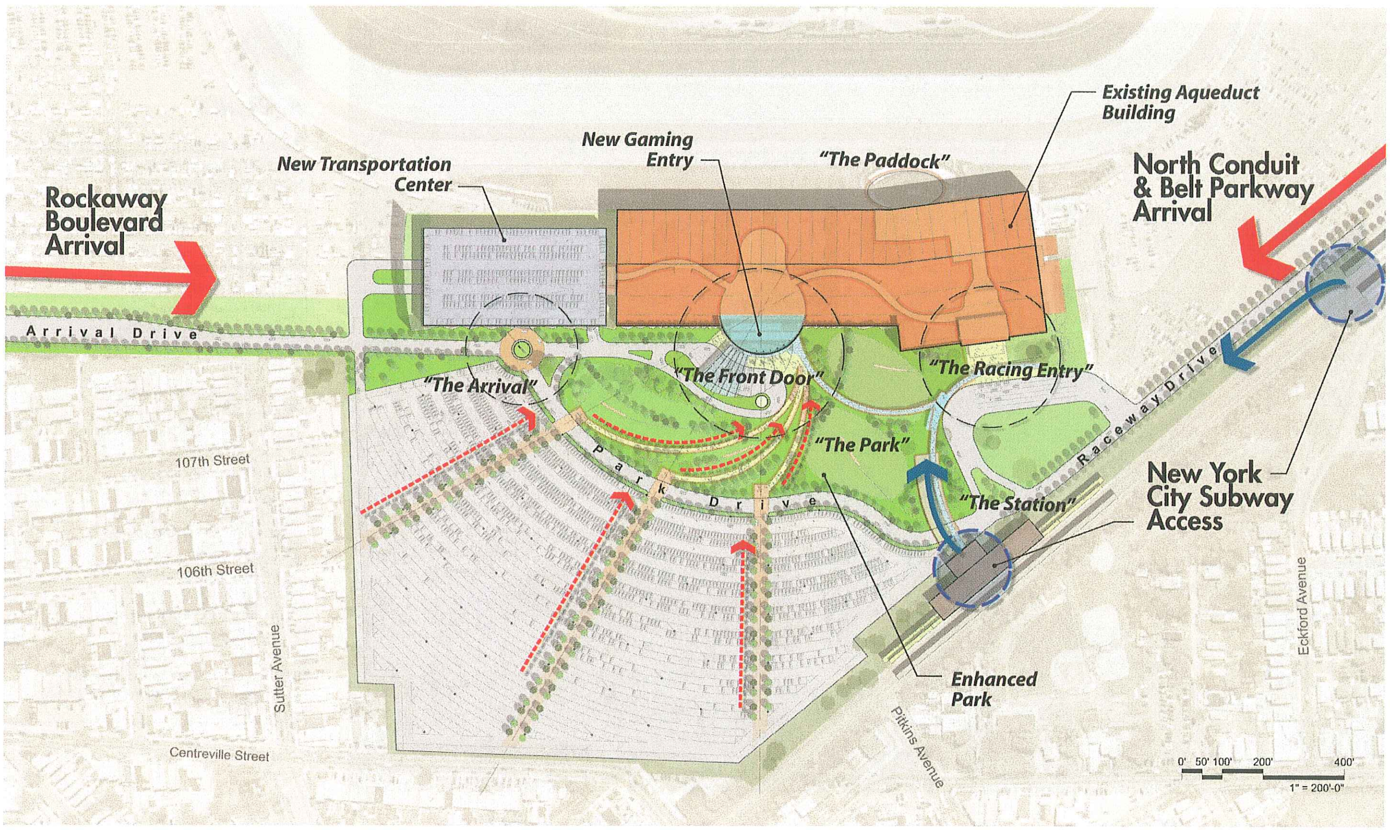
**AQUEDUCT**

## Development and Operation of a Video Lottery Facility at Aqueduct Racetrack



SL GREEN REALTY CORP. Hard Rock CASINO SOSH Edwards & Zuck DESIMONE PHA TISHMAN

June 29, 2010

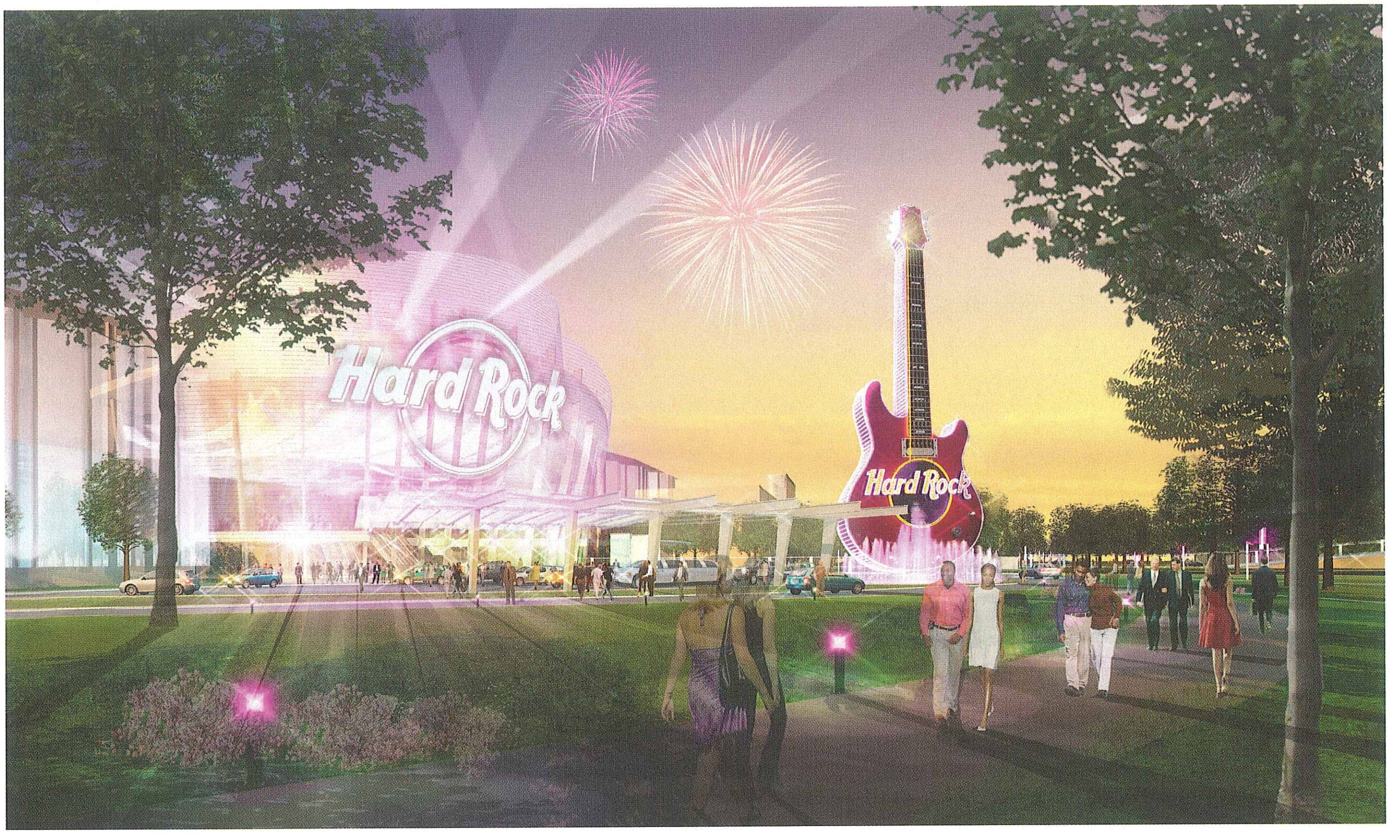



Hard Rock Casino | SL Green Realty Corp | SOSH

# SITE PLAN

JUNE 29, 2010

New York Lottery | AQUEDUCT




VIEW OF PORTE COCHERE

JUNE 29, 2010



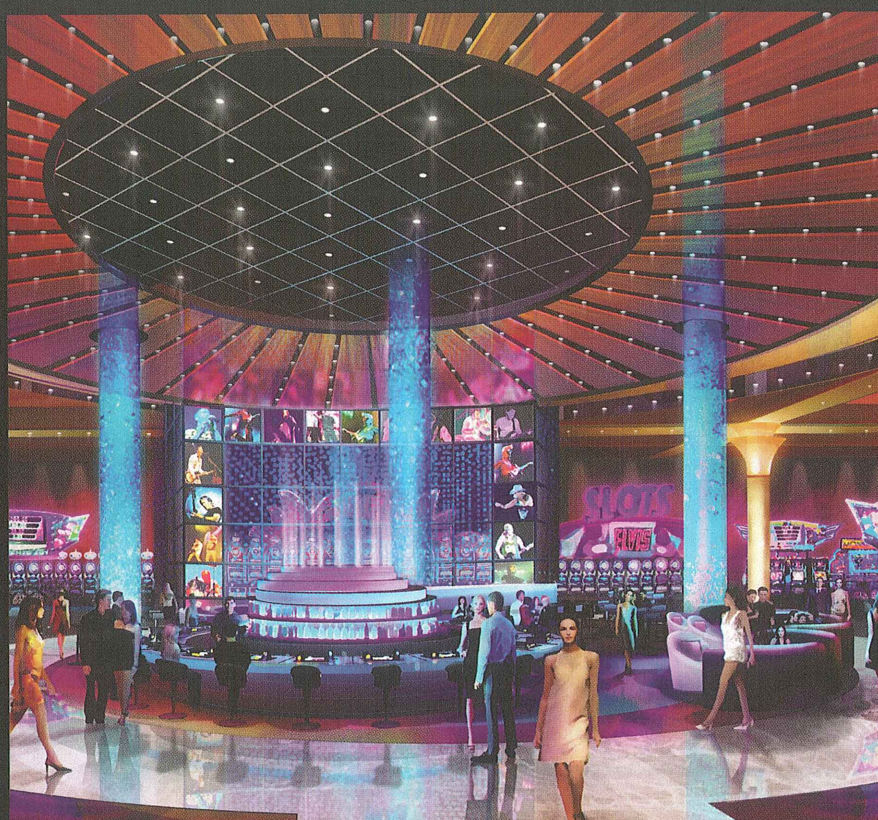

PORTE COCHERE RENDERING

JUNE 29, 2010

MAIN LOBBY RENDERING

JUNE 29, 2010


VIEW OF RACING ENTRY
JUNE 29, 2010




Hard Rock Casino SL GREEN REALTY CORP SOSH

# CENTER BAR RENDERING

JUNE 29, 2010

NEW YORK LOTTERY AQUEDUCT


Hard Rock Casino | SL GREEN REALTY CORP | SOSH

BUFFET RENDERING
JUNE 29, 2010

NEW YORK LOTTERY | AQUEDUCT


FOOD COURT RENDERING

JUNE 29, 2010

# INSERT

# TAB

Marketing Plan

# MARKETING PLAN

**REDACTED ( 26 PAGES )**

# Executive Summary

Hard Rock CASINO
AQUEDUCT

**Two Powerful Brands – Aqueduct And Hard Rock – Will Come Together To Deliver First Class Casino Entertainment Supported By the Following Best-in-Class Marketing Capabilities:**

- **Awareness:** Hard Rock's Substantial Brand Awareness Will Drive Predisposition To Visit Hard Rock Aqueduct So We Can Hit The Ground Rocking!
- **Acquisition Of New Customers**: We Will Be Starting With A Large Influx Of Hard Rock Customers And Brand Fans Who Live Locally As We Build Hard Rock Aqueduct's Local And Regional Business
- **Loyalty**: Hard Rock's Unique Marketing Strategies And Tools Will Work Efficiently And Effectively To Drive Hard Rock Aqueduct's Visitation And Increased Spend
- **Multi-Cultural Marketing**: Hard Rock's Experience In Multicultural Marketing Will Serve Hard Rock Aqueduct Well In Attracting And Retaining A Very Diverse Local Population Base, Especially Asian
- **Efficiency**: Hard Rock's Differentiating Technological Capabilities Will Work To Yield Hard Rock Aqueduct's Casino And Increase Profits.
- **Budget**: Due To Hard Rock's Brand Premium And Differentiating Technologies In Marketing, We Will Get A Big Bang For Our Bucks And Spend Less Than 10% Of Revenues On Marketing As Compared To 40% For Atlantic City Casinos.

# Strategic Business Analysis

## Market Assessment: Geography

Hard Rock CASINO AQUEDUCT

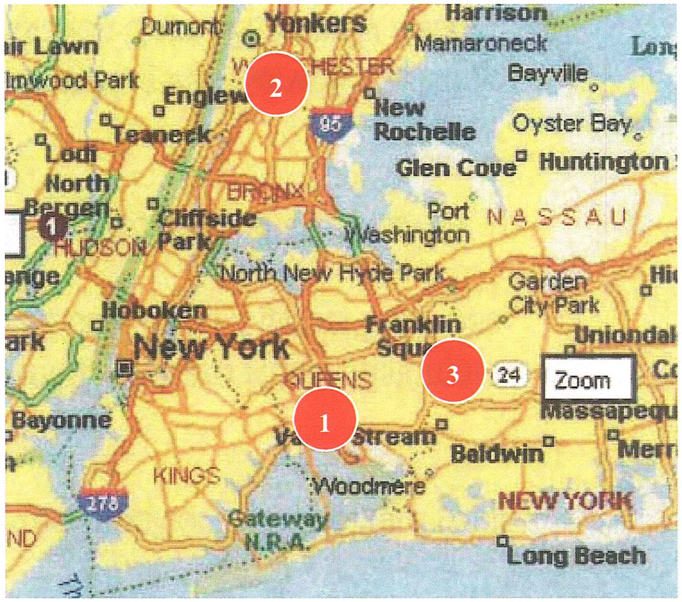
**Local Area Population is High Density and Diverse. Hard Rock is Uniquely Positioned to Capture the Local and Regional Business Based on Brand Appeal**

- Hard Rock Aqueduct will be one of three direct competitors for the New York customer and is located in Queens New York.

- There are approximately 5.5 million adults living in Nassau and Queens, which will provide the majority of local visitation to the property

- Demand models suggest that 9 in 10 visits are expected to come from Nassau and Queens, however research shows that the Hard Rock brand has greater drawing power from regional customers:
  - 57% of respondents living 101 – 150 miles would take a gambling trip in the future to Hard Rock Brand (as compared to survey-wide 37%)*

- Demographic make-up of the area is quite diverse, with the following breakdown in a 5 mile radius:
  - White 29%
  - Black 41%
  - Latino 24% (Latino is also subset of other races, so totals exceed 100%)
  - Asian 10%
  - Other 20%




1 = Aqueduct
2 = Yonkers
3 = Belmont

*Market and Branding Analysis, Aqueduct Racetrack Racino" Innovation Group June 2008

# Strategic Business Analysis

## SWOT Analysis

Hard Rock CASINO AQUEDUCT


| **Strengths** | **Opportunities** |
|---|---|
| • Location To High Population Base<br>• Existing Hard Rock Times Square Brand Presence<br>• Strong Brands<br>    • Aqueduct Brand/History<br>    • Hard Rock Brand<br>• Hard Rock's Multi-cultural Marketing<br>• Hard Rock's Marketing Capabilities<br>• Hard Rock's Employee Training Programs<br>• Yankees Affiliation | • Leverage Aqueduct Infield And Hard Rock's Association With Entertainment To Create Differentiating Entertainment Venue For Little To No Capital<br>• Capture A Portion Of The 40million+ Passengers Travelling Through JFK<br>• Capture Portion Of Nearly 700K Annual Lodgers At Nearby Hotel Rooms<br>• Ensure a Sense of Safety is Perceived by Potential Visitors |
| **Weaknesses** | **Threats** |
| • Costly Marketing In New York Market And Significant Media Waste In Many Advertising Media Vehicles<br>• Parking (Potentially) | • Adoption For Local Casino Could Be Low<br>• Higher Tax Rates Means Regional Competition Can Spend Significantly More On Marketing If There Is A War For Customers |

# Summary Takeaways of Business Analysis

AQUEDUCT

1. **Employ Strategies To Immediately Penetrate The Local Queens/Nassau Market**
   - Utilize Hard Rock Entertainment To Establish Position And Drive Property Visitation
   - Leverage Brand And Penetration Media Strength To Align Hard Rock Casino With Aqueduct Location
   - Employ Successful Database Penetration Strategies To Drive Immediate Players Club Sign-ups
   - Partner With Hard Rock New York To Increase Value For Both Entities
   - Ensure Safety Programs (Well Lit, Panic Alarms, Bike Security, Etc) Are In Place And Employ Implicit Messaging In Communications

2. **Develop Niche Marketing Capability**
   - Asian – Create In-language Collateral, Chinese Hosts, Asian Games And Asian Food Outlet.
   - Hispanic – Utilize Hispanic-directed Marketing Plan
   - Niche Transportation Programs To Nearby Hotels And JFK

3. **Optimize Yield Opportunities**
   - Technology/Capabilities – Deploy Successful Proprietary Hard Rock Marketing Capabilities To Ensure All Marketing Spend Is Deployed To Drive Incremental Visitation
   - Vlts– Utilize Vast Experience Working With Partners In 54 Countries To Partner With New York Lottery To Optimize Mix, Location And Pricing
   - F&B – Maximize Revenues Through Pricing – Leverage Comps And Targeted Discounts To Best Customers At Specific Times And Use Hard Rock Café As An Significant Attraction Weapon Given Opportunity To Draw From Further Out
   - Offers – Optimize Customer Database Offers Based On Time Of Day And Types Of Machines Played

# Strategic Marketing: Target Audience

AQUEDUCT

- **Primary Audience**: Residents of New York City and Long Island market, catering largely to residents of Queens, Nassau counties

- **Secondary Audience***: Meadowlands, North Jersey, North Suburbs, Trenton, South Catskills and New Haven

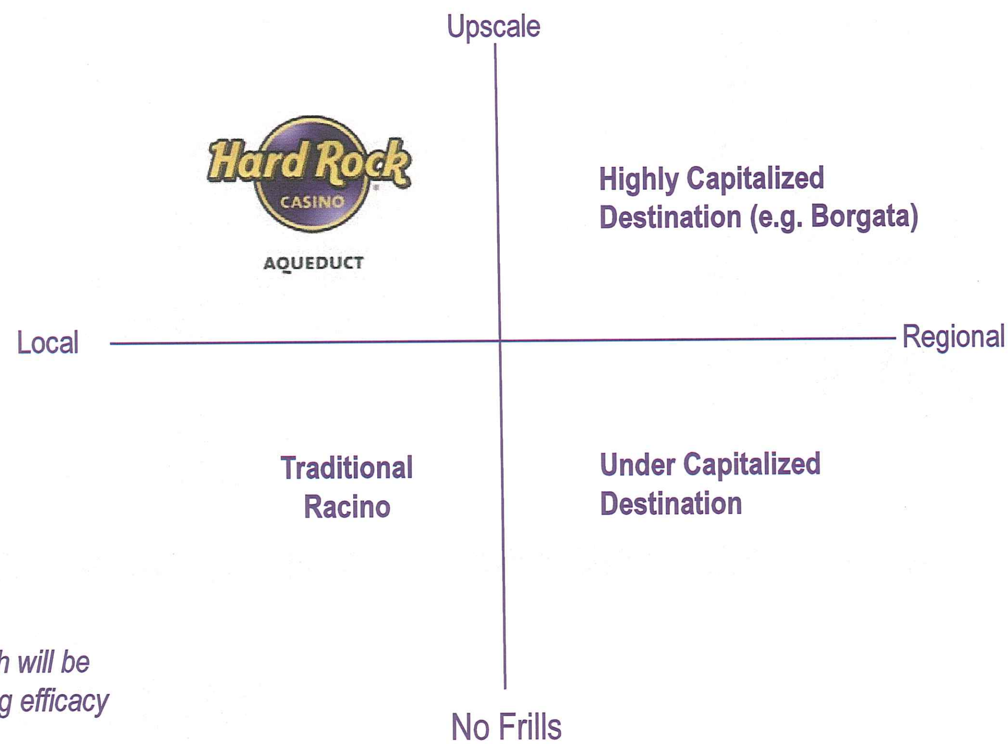
**Hard Rock Senior Management team enjoys over 100 years of combined service in the Northeast markets of Connecticut and Atlantic City and are uniquely qualified to compete effectively for the right customers in the right areas.*

# Positioning Discussion

**Hard Rock's Chameleon-like Brand Has The Unique Ability To Attract Very Young And Very Seasoned Brand Fans As Well As Very Diverse Audiences. Most Brands Can't Do That.**

**POSITION EXAMPLE*: "Live The Action"***

To 21 to 101 year old New Yorkers who are seeking a close-by exciting gaming entertainment experience, Hard Rock is the upscale local casino that makes your senses come alive because it is where the action is

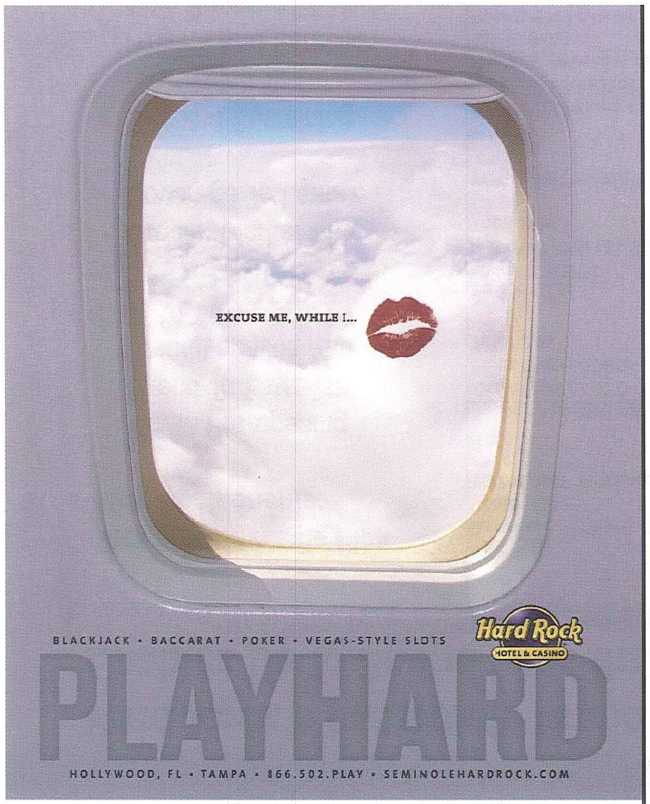



**Significant customer research will be employed to ensure positioning efficacy prior to launching*

# Key Strategies
## Advertising Creative

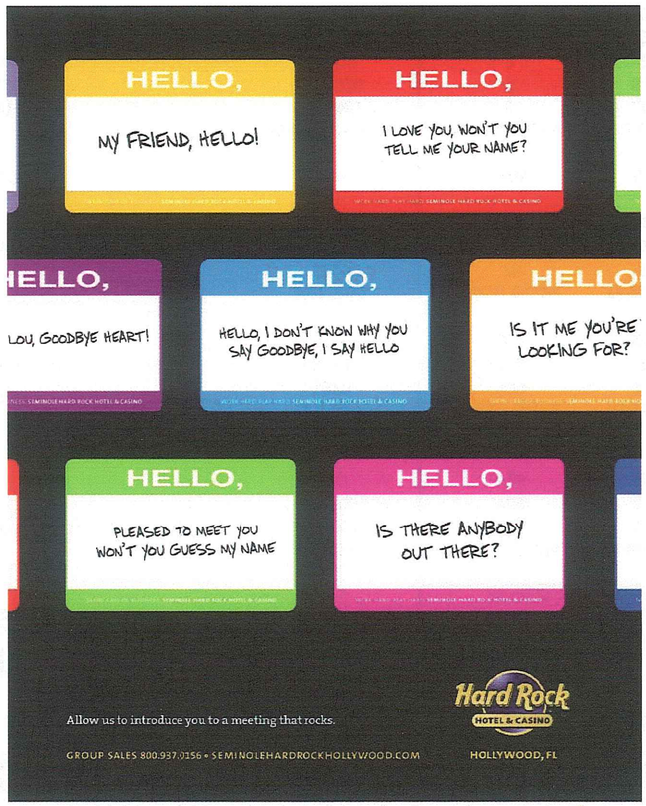
AQUEDUCT

### Hard Rock Employs Provocative, Award Winning Advertising that Breaks Through the Clutter

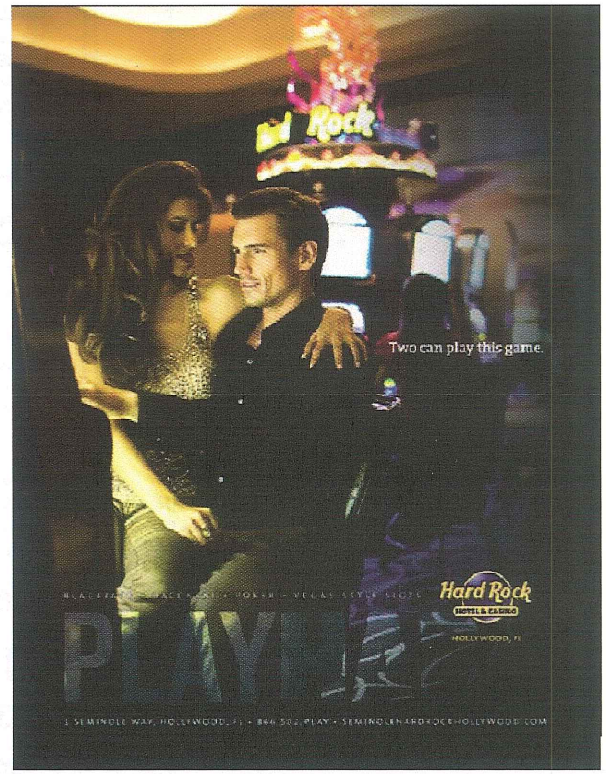



BEST PRINT ADVERTISEMENT – SINGLE PIECE
Seminole Hard Rock Hollywood – "Kiss the Sky Air Tran Ad"

AMERICAN GAMING ASSOCIATION




SILVER ADDY AWARD – PRINT AD
Seminole Hard Rock Hollywood – "Hello Ad"




**Significant brand awareness coupled with centralized advertising assets will enable Hard Rock Aqueduct to keep both production and media expenditures lower than other brands**

# Key Strategies

## Award Winning Amenities Drive Word-of-Mouth Advertising

Hard Rock Casino AQUEDUCT

**Hard Rock Properties Are Recognized Year After Year For Their Top-Notch Service, Casino Environments, Amenities And Cuisine.**


See Next Page For Partial Listing Of "Best Of" Awards That Keep Customers Coming Back, Serve As Great "Word-of-Mouth" Advertising And Keep Marketing Costs Low.

- **AAA Four Diamond Rating,** 2006, 2007, 2008, 2009, 2010
- **Insider's Select Award Recipient,** Expedia.com 2010
- **Wine Spectator, Council Oak, Award of Excellence** 2008, 2009, 2010
- **Best Place to Work –** International Academy of Design 2009
- **Best Steakhouse in Tampa – Best of the Bay-** Creative Loafing, Sept. 2009
- **Best Hotel Bar –** Flair Magazine (Tampa Tribune) Jan 2009
- **Best Hotel Pool –** Flair Magazine (Tampa Tribune) Jan 2009
- **Best Adult Entertainment -** Flair Magazine (Tampa Tribune) Jan 2009
- **Top 5 Regional Restaurant –** The Top 50 of Tampa Bay, Creative Loafing 2009
- **Best Player's Club,** Tampa Bay Metro Magazine, 2008, 2009
- **Best Place to Grab a Slab of Meat** (Council Oak Steaks and Seafood) and "Best Place to Hook up at 5am" (Floyd's)Seminole Hard Rock Tampa, Creative Loafing Best of Awards 2008
- **Charlie Palooza Event**, Culinary Recognition, 2006
- **Number One Nightclub in Tampa Bay Area- Floyd's**, AOL 2006 City Guide
- **Little Everglades Steeplechase 1st Annual Charity,** First Place, 2005
- **Best Restaurant, Lowry Park Zoofari Event,** Second Place, 2005
- **Best Room Comps,** First Place South Region, Best of Slots, 2004
- **Best Hotel Rooms,** First Place South Region, Best of Slots, 2004
- **Best Gourmet,** First Place South Region, Best of Slots, 2004
- **Best Casino Theme,** Second Place South Region, Best of Slots, 2004
- **Most Comfortable Casino,** Second Place South Region, Best of Slots, 2004
- **Most Innovative Slot Floor,** Second Place South Region, Best of Slots, 2004
- **Best Food Comps,** Second Place South Region, Best of Slots, 2004
- **Best Parties/Events,** Second Place South Region, Best of Slots, 2004
- **Best Overall Hotel,** Second Place South Region, Best of Slots, 2004, 2009
- **Best Entertainment,** Second Place South Region, Best of Slots, 2004
- **Best Buffet, The Green Room,** Second Place South Region, Best of Slots, 2004
- **Best Coffee Shop, The**
- **Best Slot Club Staff,** Third Place South Region, Best of Slots, 2004
- **Best Restaurant, Lowry Park Zoofari Event,** First Place, 2003
- **Best Live Poker –** Casino Player Magazine 2009
- **Best Buffet: Fresh Harvest** – Casino Player Magazine 2009
- **Best Casino,** Second Place, Casino Player Magazine 2009
- **Best Hometown Casino,** Second Place, Casino Player Magazine, 2009
- **Best Suites,** Second Place, Casino Player Magazine, 2009
- **Best Rooms,** Second Place, Casino Player Magazine, 2009
- **Best Spa: Body Rock Spa,** Second Place, Casino Player Magazine, 2009
- **Best Bar: Center Bar,** Second Place, Casino Player Magazine, 2009
- **Best Nightclub: Floyd's Nightclub,** Second Place, Casino Player Magazine, 2009
- **Best Video Slots,** Second Place, Casino Player Magazine, 2009
- **Best Video Poker,** Second Place, Casino Player Magazine, 2009
- **Best Poker Room,** Second Place, Casino Player Magazine, 2009
- **Best Comps,** Second Place, Casino Player Magazine, 2009
- **Green Room,** Second Place South Region, Best of Slots, 2004
- **Best Players Club,** Second Place, Casino Player Magazine, 2009
- **Best Promotions,** Second Place, Casino Player Magazine, 2009
- **Best Service,** Second Place, Casino Player Magazine, 2009
- **Best Hosts,** Second Place, Casino Player Magazine, 2009
- **Luckiest Casino,** Second Place, Casino Player Magazine, 2009
- **Best Overall Entertainment,** Second Place, Casino Player Magazine, 2009
- **Best Gourmet: Floyd's,** Second Place, Casino Player Magazine, 2009
- **Best Steakhouse: Council Oak,** Second Place, Casino Player Magazine, 2009
- **Best Japanese/Sushi Bar: Rock N' Raw,** Second Place, Casino Player Magazine, 2009
- **Best Coffee Shop: The Green Room,** Second Place, Casino Player Magazine, 2009
- **Best Overall Hotel/Casino**, Casino Player Magazine, 2006, 2007
- **Best Overall Hotel/Casino**, Strictly Slots Magazine, 2006, 2007
- **Best Overall Casino,** Best of Slots Magazine, 2006, 2007
- **Best Poker Room**, Southern Gaming Magazine, 2006, 2007
- **Best Entertainment**, Southern Gaming Magazine, 2006, 2007
- **Best Pool**, Southern Gaming Magazine, 2006, 2007
- **Four-Star Rating,** Mobile Travel Guide, 2006, 2007
- **Four Diamond Rating**, AAA, 2005, 2006, 2007
- **Four-Star Rating**, Zagat Survey, 2005, 2006, 2007
- **Best Restaurant**, Food and Wine Magazine, 2006
- **Best Destination**, Gold Coast Magazine, 2006
- **Best Entertainment Center**, Boca Raton Magazine, 2007
- **Best Hotel/Casino**, City Link, 2006
- **Best Hotel/Casino**, South Florida Business Journal, 2006, 2007
- **Best Direct Mail Campaign**, Flagler Awards (Visit Florida), 2006
- **Best Hotel**, Porthole Magazine, 2005, 2006, 2007
- **Best Overall Hotel/Casino**, Native American Casinos, 2006, 2007
- **Best Casino**, AOL/CityGuide "City's Best", 2006, 2007
- **Best Hotel Design**, Lodging Hospitality Magazine, 2005
- **Gold Award**, Meetings & Conventions Magazine, 2006
- **Distinguished Restaurant Award**, Dirona Awards, 2006
- **Top Hotel/Resort Bar**, Sante Restaurant Awards, 2005
- **Top 10 South Florida**, Prime Time Top Ten Steakhouse List, 2006, 2007
- **Top Restaurant Award**, America's Finest USDA Prime Steakhouses Magazine, 2006
- **Restaurant Award**, Golden Palm, 2006
- **Associate Award**, Beef Backer, 2007
- **Hotel of the Year - Florida**, International Restaurant & Hospitality, 2007
- **Best Pool & Spa**, International Award of Excellence, 2006, 2007
- **Best Coffee Shop**, Golden Cup Award, 2006
- **Best Landscaping**, FNGLA Landscape, 2007
- **Best Casino**, New Times – Broward/Palm Beach, 2007
- **Best Poker Room**, New Times – Broward/Palm Beach, 2007
- **Best Nightlife**, New Times – Broward/Palm Beach, 2007

# Key Strategies
## Public Relations

HARD ROCK CASINO AQUEDUCT

### Hard Rock's Brand Recognition Enables $3.5MM in Grand Opening PR Value

**A Major Outdoor Entertainment Event Unique To Hard Rock Brand – "Ambassadors of Rock" – Is Planned For The Grand Opening Of Hard Rock Aqueduct**

<u>National Media Coverage</u>
- Newspapers
- Magazines
- Network TV
- Network Radio
- Travel Media
- Casino And Racing Trades

<u>New York Metro Area Coverage</u>
- Newspaper
- Magazines And
- TV
- Radio

<u>Queens And Long Island Area Coverage</u>
- Newspapers And Magazines
- Radio
- Blogs And Social Media

# Key Strategies

**Philanthropy**
**(Please View the Enclosed Video endorsed by Bruce Springsteen, Yoko Ono and Others)**

**Hard Rock' Philanthropic efforts are world re-known and help to drive the more than 18 Billion viewer impressions the brand received last year and the 84% Brand Awareness despite a very small advertising budget.**

**Hard Rock plans to work with local and community organizations to make a positive impact as we have proven in every market in which we operate. Following and on the next page are examples of organizations we work with.**

**SAVE THE PLANET (Environmental)**

- Arbor Day Foundation (Kids Meal)
- Farm Aid (Willie Nelson)
- Sustainable Bio Diesel Alliance (Willie Nelson)
- Wildlife Conservation Society / Cotton Conservation Initiative (Bono)

**ALL IS ONE (Organizations)**

- GRAMMYs / National Academy of Recording Arts & Sciences
- LATIN GRAMMYs
- Country Music Awards / Fanfair (CMAs)
- MusicCares
- Gibson Foundation
- Rock The Vote
- Rock & Roll Hall of Fame
- School of Rock
- VH-1 "Save The Music"
- Bethel Woods Center for Performing Arts (Woodstock)

# Key Strategies

## Philanthropy



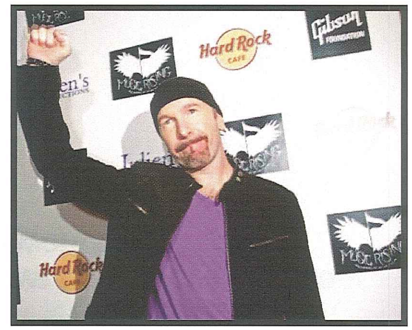
### Hard Rock Works With Organizations In Numerous Cities And Countries To Raise Tens Of Millions In Donations

**TAKE TIME TO BE KIND - (Humanitarian)**

- Amnesty International (Green Day)
- Breast Cancer Research Foundation
- Caron Keating Breast Cancer Foundation (UK)
- Children's Miracle Network
- Crossroads Center – Antigua (Eric Clapton)
- Fundacion Pies Descalzos - Columbia (Shakira)
- Global Angels
- Habitat For Humanity
- Musicians On Call (March On Stage)
- Music Cares / GRAMMY Foundation
- Music Rising (The Edge / Gibson)
- Nordoff Robbins – UK (AOR London / March On Stage)
- Peace Games
- Philadelphia Soul Charitable Foundation (Bon Jovi)
- Play Pumps International (Mark Ronson CD)
- Sharon Osborne Colon Cancer Research Foundation (Ozzy Osborne)
- Susan B Love Breast Cancer Research Foundation (Melissa Etheridge)
- World Hunger Year (WHY) / Artists Against Hunger & Poverty (AAHRP) (Bruce Springsteen)

AMBASSADORS ★ OF ROCK

PINKTOBER 10TH ANNIVERSARY




why. FINDING ANSWERS FOR HUNGER AND POVERTY

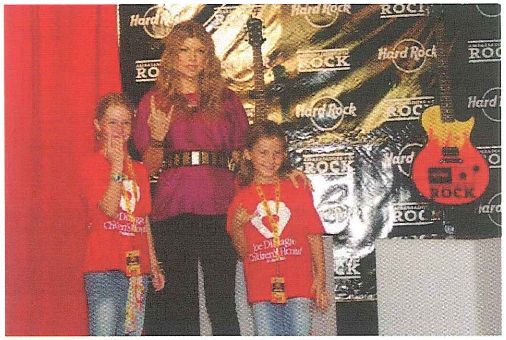
# Key Strategies

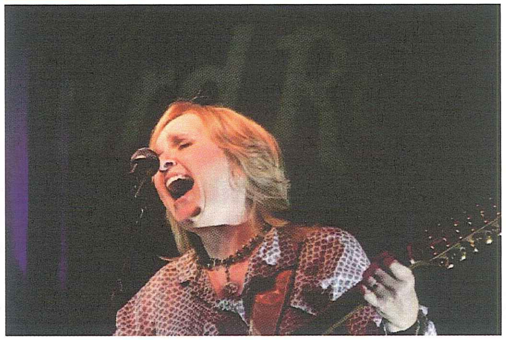
## Partnerships

Hard Rock CASINO
AQUEDUCT

**We Will Focus On Aligning With Partners Who Can Deliver Quality And Reputation Complementary To Our Strategic Direction, As We Have With The Following:**

| Function | Examples |
|---|---|
| • Rooms OSE | • "Sleep Like a Rock" bed<br>• Aveda co-branding |
| • Technology | • iPod in suites<br>• LG commercial displays<br>• Lodging technology |
| • Music | • Bono<br>• Fergie<br>• Etheridge<br>• Mark Ronson<br>• Bon Jovi |
| • Retail | • Bono, Gwen Stefani, Clapton, Shakira |
| • Design/Artwork | • Alfred Watson Photographer<br>• United Designers<br>• Graeme Downes |
| • Spa | • Caroli Spa<br>• Aveda<br>• Buddha Spa |
| • Uniforms | • Black Eyed Peas<br>• Gwen Stefani |



*"I partner every year with the Hard Rock for Pinktober…the Hard Rock, they put their money where their mouth is."* ***Melissa Etheridge***

# Key Strategies

## Partnerships

AQUEDUCT

**Hard Rock Uses Multiple Partners With Significant Experience And Brand Recognition To Enhance The Overall Marketing And Property Appeal. Following Are Existing Restaurant/Bar/Entertainment Partners.**

### Restaurant Partners

- Bice
- Chadorow
- Emeril's
- Estefan
- Gerber
- Martorono
- Nobu
- Jodi Pennet
- Palm
- Kerry Simon

### Bar

- Michael Ault
- Body English
- Randy Gerber
- Buddy Morton - Passion

### Entertainment

- AEG
- Improv Comedy Club
- Live Nation
- Viacom

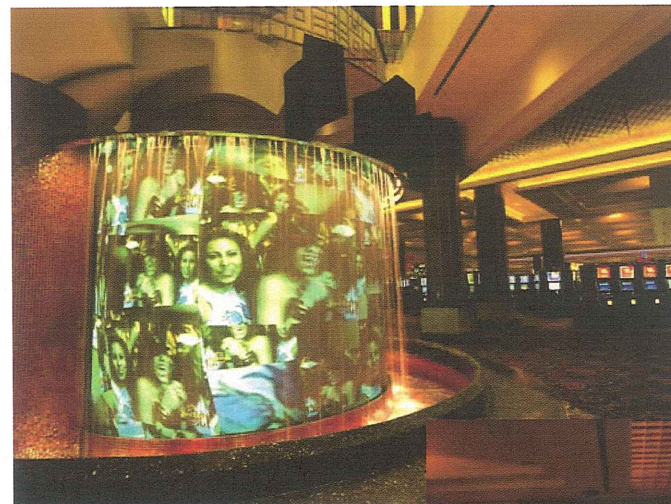
# Key Strategies

## Technology

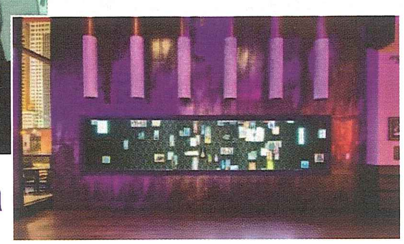
Hard Rock Casino
AQUEDUCT

**Hard Rock Will Employ "Must-See-and-Experience" State-of-the-Art Technology To Enhance The Guest Experience And Drive Visitation And Customer Referrals. Following Are Examples Of Such Technology:**

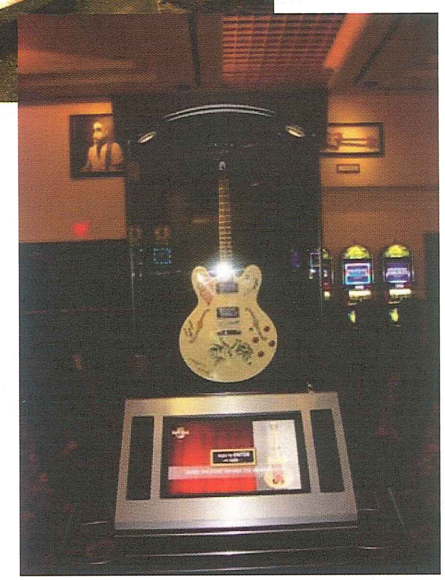

Microsoft Surface Technology



Wonder Wall
Water Video Wall



iPhone-like Touch Wall Memorabilia



Interactive Memorabilia

# INSERT

# TAB

Financing Plan

**FINANCING PLAN**

**REDACTED (36 PAGES )**

# INSERT

# TAB

MBE-WBE Plan

# SL Green / Hard Rock
# Bid for Aqueduct

## M/WBE Action Plan

## June 29, 2010

SL GREEN
REALTY CORP.

Hard Rock


Hard Rock
Hard Rock

# Table of Contents

# Overview

# Overall Program Summary

SL Green/Hard Rock team (the Development Team) views the development of Aqueduct as a project that will benefit all New Yorkers, now and in the future, and especially local, minority and women owned businesses. This will be accomplished via an M/WBE Program with a participation goal of 25% (12.5% minority and 12.5% women) and increased employment for residents of Queens and the surrounding communities. With this in mind, the Team is committed to embark upon establishing the most comprehensive M/WBE program in the history of New York State that will maximize participation of minority and women-owned businesses, especially those located in the community immediately surrounding Aqueduct.

SL Green has a demonstrated history in working with local, as well as minority and women-owned businesses for its various large and substantial construction and development projects in New York. Our bid for the development rights at Aqueduct will further enrich SL Green's corporate-wide course of action by placing accountability, transparency, and investment opportunities for local businesses at the forefront of the development action plan. The enclosed package outlines, in detail, the extent to which SL Green and its partners have demonstrated their commitment to M/WBE participation and local community enrichment. The information contained herein includes the Development Team's M/WBE Action Plan and participation targets, as well as a thorough history of the team's M/WBE involvement.

SL Green's partners have a substantial and proven track record with M/WBE involvement. Tishman Construction, the team's Construction Manager for the Aqueduct project, has been a leader for over 30 years in initiating, developing, and managing M/WBE initiatives. Most recently in 2008 and 2009, Tishman has awarded contracts to 160 Queens-based subcontractors and vendors including 31 M/WBEs totaling more than $600 million. Additionally, Regional Alliance and Spectrum Personal Communications have spearheaded several New York-based projects including the JFK Air Train and Jets Stadium. The former included M/WBE commitments in excess of what the State has proposed for the development at Aqueduct.

## Overall Program Summary

Through the Development Team's community liaisons, Regional Alliance and Spectrum Personal Communications, headed by Earle Walker and Mark O'Luck, respectively, we will monitor our results and report back to the State to ensure compliance with our commitments. Only the Development Team can make a substantive commitment in ensuring we meet or exceed our expectations for M/WBE participation with respect to Construction and Operations at the new Aqueduct development. In addition, we believe that ensuring jobs isn't enough to lay the foundation of sustainable community development and have therefore committed to set aside a portion of our investment in Aqueduct for local Queens minority participation.

# Mission Statement and Commitment/Goals

## MISSION STATEMENT

It is the policy of the Development Team to encourage the participation of minority/ women-owned business enterprises (M/WBEs) on the Aqueduct project. The Development Team is committed to the maximum utilization of M/WBEs, as well as the maximum local business involvement on our projects without any sacrifice to the quality of work, time or cost.

The Development Team's use of M/WBE firms is supported at the highest level and is based on a policy of supporting the growth and development of minority and women and local contractors and consultants who have the ability, work ethic, track record, and desire to embrace our quality team effort.

Further, we will also strive to provide the maximum opportunities for minorities and women to work and to obtain employment opportunities in connection with the Aqueduct project.

## COMMITMENT AND GOALS

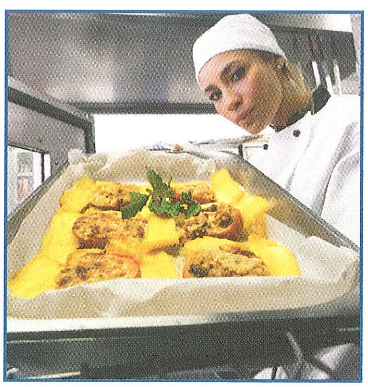
Our MOU submitted to the State on June 29, 2010 provides for our commitment and goals relating to the involvement of M/WBE contractors in all stages of the Aqueduct project, as follows:

As per the MOU VLT Developer shall use best efforts to achieve (i) not less than twenty-five percent (25%) minority/women-owned business enterprise contractor and/or subcontractor participation for the development of the VLT Facility, which includes the design, pre-construction, construction and operation/maintenance phases; and (ii) an overall goal of twenty-five percent (25%) minority and female workforce participation for the construction of the VLT Facility. In no event shall the term "best efforts" mean or be interpreted to mean the taking of any steps which: (i) would impose on the person required to make such best efforts any material additional financial burden or increased liability; (ii) require such person to agree to any terms or provisions in any contract or purchase order that are not competitive or customary; (iii) require such person to employ any M/WBE or other person who is not then qualified and available; or (iv) require the taking of any steps which would delay substantial completion of the VLT Facility or the Parking Facility.

## SL GREEN

Outlined below are our programs to promote Equal Opportunity with minority and women businesses throughout construction and redevelopment projects. Since 2007, we have awarded approximately $11.6MM to over 22 Minority-owned businesses through the following trades: Site Safety, Concrete, Masonry, Fireproofing, Drywall, Carpentry, and Material supplier trades.

Additionally, many of our general contractors work with a diverse list of M/WBE's as subcontractors to our construction and redevelopment projects. Furthermore, several construction projects (1515 Broadway, 100 Park Avenue, 485 Lexington Avenue, 16 Court Street, 1350 Sixth Avenue, and 1185 Sixth Avenue) are registered in the ICIP program (Industrial and Commercial Incentive Program), which includes requirements to promote equal opportunity. The following mandates are basic requirements of the ICIP program, which ensure compliance with minority and women-owned business participation:



- Tax incentive program established in 1984 through Local Law 71
- Administered through the NYC Department of Business Services (NYC-DBS)
- Applicants required to certify employment representations with respect to non-discrimination
- NYC-DBS monitors contracts awarded to Minority / Woman Owned Businesses
- NYC-DBS monitors work force composition (minority/sex) by trade via required monthly reporting

## Tishman

Tishman has a demonstrated commitment to SL Green's corporate-wide goal to increase procurement dollars from diversified companies. Our projections for the utilization of M/WBE business entities in subcontracting activities directly linked to this potential contract are as follows:

- Tishman works with a diverse list of qualified minority and women based subcontractor covering to all building and construction trades. We will utilize this list in conjunction with SL Green's input in establishing a bid list for all trades.
- We have proven working relationship with subcontractors based both in New York City and the metropolitan area and have worked with them on previous SL Green assignments.
- In the absence of mandated methods, Tishman's project team routinely establishes separate project goals for the percentage participation of M/WBE firms.

In setting the appropriate goals for a particular contract we typically consider such factors as the following:

- Scope of work
- Size and duration of the project contract
- Number and types of M/WBE firms in the project trade
- Percentage represented by M/WBEs within the total universe of available firms in a particular trade
- Known success or failure of M/WBEs in other similar-size projects

In addition, we:

- Meet with agencies and organizations whose databases provide information on the qualifications and availability of M/WBE contractors, and review their performance on similar projects.
- Review upcoming contracts to determine areas in which M/WBE participation can and should be maximized.
- Reduce the size of contracts by breaking out portions that can be handled separately, in order to create an atmosphere more conducive to M/WBEs.

## Tishman

- Explore joint ventures to ascertain that M/WBE participation is substantive.
- Take appropriate measures to expedite periodic payments to M/WBE subcontractors.
- Confirm that M/WBE businesses are included in the solicitation of all contracts and services and are afforded every possible consideration.

As a leader in the fight to overcome discrimination within the construction industry, Tishman is dedicated to promoting minority-owned, women-owned (M/WBE) firms in all of its projects. Through a variety of aggressive Affirmative Action programs, Tishman's goal is the successful advancement of M/WBE businesses and individuals in the construction industry.

Tishman has recently awarded contracts to 160 Queens based subcontractors and vendors including 31 minority firms (M/WBE's) totaling more than $600 million. For further detail, see the charts located at the end of this document which were distributed to an enthusiastic group of Vendors/Suppliers at the Queens Chamber of Commerce's meeting with SL Green on Thursday, September 3rd 2009. The team has since received many positive e-mails from these Vendors/Suppliers.

### LEADERSHIP, A TRACK RECORD OF EXPERTISE

In addition, the Affirmative Action/EEO program within the Tishman organization strives to increase the representation of minorities and women at all levels of the organization, and provides equal employment opportunities in all aspects of employment, including promotions and job assignments.

Through, its Affirmative Action program, Tishman strives to:

- Meet and exceed all federal, state and local requirements.
- Maintain labor and minority equity on all of our projects.
- Seek innovative, yet pragmatic ways to upgrade the program.

# Tishman

We at Tishman believe that the effectiveness of affirmative action depends upon the firm commitment and full cooperation of all project participants. When a common goal is shared, it is achieved.

Tishman, both as a Construction Manager and an Owner/Builder, has been a leader for over 30 years in initiating, developing, and managing programs that have resulted in significant and groundbreaking involvement of M/WBE firms in the construction process. In fact, our Chairman, John Tishman, was a pioneer in the field in the 1960s when there were no models for these programs.

Through a variety of aggressive Affirmative Action Programs designed to encourage M/ WBE involvement, Tishman has successfully fostered joint-ventures and contracts with numerous M/WBE architects, engineers, contractors, vendors, and suppliers. Tishman has also hired and promoted many minorities and women into key positions within our firm.

Henry Estrada, Senior Vice President of Community Relations, Joe Ross, Executive Vice President of Purchasing and Contracting, and Bob Accardi, Executive Vice President, jointly lead our Team's efforts to maximize M/WBE awards on construction projects. As a matter of corporate policy and procedures, and as a personal belief in basic American principles, our Chairman and CEO, Dan Tishman, fully supports their endeavors.

As a nationally recognized firm that operates in both the private and public sectors, our livelihood is dependent upon our ability to forge relationships with locally based businesses. Throughout the years, we have found that by fostering M/WBE participation, we are continually establishing ties to various local businesses and take great pride in seeing them grow.

We believe our goals are similar to SL Green's in this area, and we have demonstrated our ability to achieve the desired goals and exceed them for the Aqueduct project.

Following this overview is a summary of where we exceeded goals on two of the largest projects to be built in the city in recent years: EWalk and the Westin Hotel on the New 42nd Street and 3 Times Square/Reuters Headquarters. The relationships forged with qualified M/WBE firms on these projects continue to be an available resource for this project.

## MENTORING AND TRAINING EFFORTS

REGIONAL ALLIANCE FOR SMALL CONTRACTORS

In conjunction with the Port Authority and other entities, Tishman helped to spearhead the formation of the Regional Alliance for Small Contractors, a not-for-profit corporation that helps M/WBE firms gain the business acumen and technical skills necessary to effectively compete in today's construction market and qualify for increasingly larger contracts.

Tishman is active in several of the programs developed by this organization including the following:

- Through the provision of expert consulting services, the Loaned Executive Assistance Program (LEAP Program) helps small contractors resolve operational and management problems that might otherwise constrain their ability to compete for and successfully complete progressively larger jobs. Consultations have been ongoing over the last year.
- Through the efforts of cooperative agencies, the construction industry, and private financial institutions, the Financial Small Contractors Program (FISC Program) seeks to enhance the credit worthiness of small contractors and to reduce or remove impediments to obtaining needed capital in the conventional credit markets. The program also includes bonding assistance.

RECENT M/WBE HISTORY

- Goodwill Games Diving and Swimming Complex, East Meadow, NY: This Dormitory Authority of the State of New York project had an incoming goal items to MBEs for 36% and WBEs for 3% of our total General Conditions budget of $900,000.

- E Walk® on The New 42nd Street, New York, NY: This project, overseen by the Empire State Development Corporation, had a M/WBE goal of 15%, and generated over 29% both in design and construction phases for this Times Square hotel/retail/entertainment complex. Tishman received a letter of commendation from the Empire State Development Corp.
- Four Times Square, New York, NY: This Durst-developed, $200 million office tower project in Times Square, also overseen by the Empire State Development Corporation, achieved 23.8% of M/WBE participation, also exceeding its goal. Tishman also received a letter of commendation for this project.
- Three Times Square, New York, NY: Three Times Square, a joint-venture development between Rudin Management Company and Reuters International has achieved its goal of 18% in M/WBE participation. It is being overseen by the Empire State Development Corporation.
- New Amsterdam Theatre, New York, NY: This was a renovation, modernization, and upgrade of a landmark theater in Times Square. M/WBE contracts resulted in a 23% fulfillment of what was an initial goal of 15%. The Empire State Development Corporation oversaw the project. A letter of commendation was sent to Tishman.
- Federal Office Building at Foley Square, New York, NY: The Small Business Administration, Professional Women in Construction, and the Regional Alliance commended this 1,000,000-square foot design/build project for its M/WBE program for Small Contractors. Tishman exceeded its own goals by awarding 33% of its contracts to small businesses and 30% to small disadvantaged businesses. Women-owned businesses were awarded 19%. Tishman was presented an "Award of Distinction" by the regional director of the U.S. Small Business Administration for work on this project.
- JFK Redevelopment Program, Queens, NY: For this ongoing project, involving a $2.2 billion modernization for the airport on behalf of the Port Authority of

New York and New Jersey, Tishman has awarded over $77 million (a 52% share) to local, minority-, and women-owned businesses.

- Presbyterian Hospital, New York, NY: For this modernization project, contracts in excess of $30 million were awarded to minority and women owned, and local businesses although no goals were imposed by the oversight agency. Tishman maintained the average of 42% for minorities and women in the work force and employed more than 130 community residents on the project.
- Merrill Lynch at the World Financial Center, New York, NY: Although no goals were imposed, Tishman created a voluntary program that led to the award of more than $6 million in contracts to minority-owned businesses.
- Riverbank State Park, New York, NY: Tishman engaged consultants to monitor the three facets of its Affirmative Action Program for this $80 million project: administration of the M/WBE contracting and EEO program, community relations, and supervision of a minority intern program. MBE contracts were at 25% and WBE were at 3%, with the workforce consisting of 39% minorities and women. Tishman additionally employed 25 local businesses.

AQUEDUCT PROJECT SPECIFIC MBE/WBE PLAN

In keeping with the commitment of the SL Green Team, Tishman Construction will target a 25% minimum MBE/WBE participation. This will be realized in the following manner: each trade contractor ( i.e. Sitework, Foundations, Mechanical, Electrical, Plumbing, Roofing, etc will be required to include this 25% participation goal in order for their bid to be considered responsive. Also, General Conditions expenses such as trailers, supplies, cleaning, exterminators, site security, testing and inspection will be targeted as MBE/ WBE only Vendors/Suppliers.

# Tishman

**Total Awards by Subcontractor**

Queens Based Subcontractors Only

| | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Absolute Electrical Contracting | | | $5,000 | $0 |
| Academic Stone Setters | | | $40,000 | $97,050 |
| Ahern Painting | | | $0 | $1,824,000 |
| American Elevator & Machine Corp. | | | $0 | $308,000 |
| Arrow Alliance Construction Corp. | | | $154,595 | $12,450 |
| Ashlar Mechanical Corp. | | | $848,150 | $342,500 |
| ASM Mechanical Systems | | | $75,900,000 | $4,296,000 |
| Bauerschmidt & Sons | | | $925,000 | |
| Cardoza Plumbing Corp. | $16,205,000 | | $0 | $1,280,400 |
| CCIA | | | $1,200,000 | $0 |
| Eagle One Roofing | | | $2,783,000 | $56,000 |
| EJ Electrical Installation Co. | | | $16,593,000 | $0 |
| Empire City Iron Works | | | $950,000 | $164,427 |
| Five Star Electric Corp. | $14,963,000 | | $229,422,610 | $0 |
| Firecom | | | $11,200,000 | |
| Flush Metal | | | $7,800 | $10,500 |
| Fresh Meadow Mechanical | | | $60,172,133 | $625,000 |
| GDO Contracting Corp. | | | $535,000 | $2,429,200 |
| Glenridge | | | $0 | $23,562 |
| Hallen Welding Service Inc. | | | $1,500,000 | $0 |
| Henick-Lane, Inc. | | | $4,481,859 | $0 |
| Innovative Building Solutions LLC | | | $0 | $48,000 |
| JAM Services | | | $255,800 | $9,000 |
| JT&T Air Conditioning Corp. | | | $2,140,700 | $0 |
| Kone Elevator Company | | | $277,000 | $0 |
| KSW Mechanical Corp. | | | $9,525,000 | $0 |
| La Strada General Contracting Corp. | | | $9,600 | $30,000 |
| Long Island Fireproof Door, Inc. | | | $1,658,000 | |
| Maspeth Welding | | | $0 | $37,500 |
| Michael Mazzeo Electric Corp. | | | $5,813,500 | $8,096,800 |
| National Roofing Corp. | | | $166,000 | $0 |
| New York Roofing Co. | | | $0 | $0 |
| Northern Bay Contractors, Inc. | | | $4,645,000 | $1,728,192 |
| Olympic Plumbing & Heating | | | $19,500 | $89,575 |
| On-Trac Construction | | | $327,000 | $333,000 |
| PAL Environmental Safety Corp. | | | $2,747,500 | $330,000 |
| Peepels Mechanical Corp. | | | $175,000 | $530,000 |
| Petrocelli Electric | $4,750,000 | | $106,658,000 | $0 |
| Prem-Air New York (McQuay) | | | $14,064,587 | |
| Pinto & Teger Electric Corp. | | | $1,176,500 | $825,000 |
| Remco Maintenance Corp. | | | $27,000 | $0 |
| Stretchwall Installation, Inc. | | | $0 | $131,498 |
| Sugrue Contracting Corp. | | | $1,502,820 | $1,413,170 |
| Taggart Associates | | | $0 | $1,070,000 |
| Tatco Installations, Inc. | | | $215,760 | $0 |
| Thyssen-Krupp Elevators | | $87,984,000 | $10,836,652 | $3,676,600 |
| Titan Contracting Group, Inc. | | | $146,500 | $0 |
| Total Safety Consulting, LLC | | | $33,118 | $0 |
| Tractel | | | | $7,980,000 |
| United Steel Products | | | $33,000 | $13,500 |
| Universal Service Group | | | $1,502,000 | $0 |
| Urban Foundation/Engineering LLC | | | $15,000,000 | $95,700 |
| Whitestone Construction | | | $242,200 | $0 |
| York Scaffolding | | | $38,320 | $190,000 |
| **Grand Total** | **$35,918,000** | **$87,984,000** | **$585,954,204** | **$38,096,624** |

* 2009 includes January through July.

* Above analysis includes awards made through the Corporate Purchasing Dept. for TCCNY, TIC, and TTC projects.

## Tishman

**Total Awards by Subcontractor**
Queens Based Subcontractors Only

| | 2008 | 2009 |
|---|---|---|
| Absolute Electrical Contracting | $5,000 | $0 |
| Academic Stone Setters | $40,000 | $97,050 |
| Ahern Painting | $0 | $1,824,000 |
| American Elevator & Machine Corp. | $0 | $308,000 |
| Arrow Alliance Construction Corp. | $154,595 | $12,450 |
| Ashlar Mechanical Corp. | $848,150 | $342,500 |
| ASM Mechanical Systems | $75,900,000 | $4,296,000 |
| Bauerschmidt & Sons | $925,000 | $0 |
| Cardoza Plumbing Corp. | $0 | $1,280,400 |
| CCIA | $1,200,000 | $0 |
| Eagle One Roofing | $2,783,000 | $56,000 |
| EJ Electrical Installation Co. | $16,593,000 | $0 |
| Empire City Iron Works | $950,000 | $164,427 |
| Five Star Electric Corp. | $229,422,610 | $0 |
| Firecom | $11,200,000 | $0 |
| Flush Metal | $7,800 | $10,500 |
| Fresh Meadow Mechanical | $60,172,133 | $625,000 |
| GDO Contracting Corp. | $535,000 | $2,429,200 |
| Glenridge | $0 | $23,562 |
| Hallen Welding Service Inc. | $1,500,000 | $0 |
| Henick-Lane, Inc. | $4,481,859 | $0 |
| Innovative Building Solutions LLC | $0 | $48,000 |
| JAM Services | $255,800 | $9,000 |
| JT&T Air Conditioning Corp. | $2,140,700 | $0 |
| Kone Elevator Company | $277,000 | $0 |
| KSW Mechanical Corp. | $9,525,000 | $0 |
| La Strada General Contracting Corp. | $9,600 | $30,000 |
| Long Island Fireproof Door, Inc. | $1,658,000 | |
| Maspeth Welding | $0 | $37,500 |
| Michael Mazzeo Electric Corp. | $5,813,500 | $8,096,800 |
| National Roofing Corp. | $166,000 | $0 |
| New York Roofing Co. | $0 | $0 |
| Northern Bay Contractors, Inc. | $4,645,000 | $1,728,192 |
| Olympic Plumbing & Heating | $19,500 | $89,575 |
| On-Trac Construction | $327,000 | $333,000 |
| PAL Environmental Safety Corp. | $2,747,500 | $330,000 |
| Peepels Mechanical Corp. | $175,000 | $530,000 |
| Petrocelli Electric | $106,658,000 | $0 |
| Pinto & Teger Electric Corp. | $1,176,500 | $825,000 |
| Prem-Air New York (McQuay) | $14,064,587 | |
| Remco Maintenance Corp. | $27,000 | $0 |
| Stretchwall Installation, Inc. | $0 | $131,498 |
| Sugrue Contracting Corp. | $1,502,820 | $1,413,170 |
| Taggart Associates | $0 | $1,070,000 |
| Tatco Installations, Inc. | $215,760 | $0 |
| Thyssen-Krupp Elevators | $10,836,652 | $3,676,600 |
| Titan Contracting Group, Inc. | $146,500 | $0 |
| Total Safety Consulting, LLC | $33,118 | $0 |
| Tractel | $0 | $7,980,000 |
| United Steel Products | $33,000 | $13,500 |
| Universal Service Group | $1,502,000 | $0 |
| Urban Foundation/Engineering LLC | $15,000,000 | $95,700 |
| Whitestone Construction | $242,200 | $0 |
| York Scaffolding | $38,320 | $190,000 |
| **Grand Total** | **$585,954,204** | **$38,096,624** |

* 2009 includes January through July.
* Above analysis includes awards made through the Corporate Purchasing Dept. for TCCNY, TIC, and TTC projects.

## Tishman

Queens based Subcontractors / Vendors that Tishman has worked with

| | Firm Name | Area of Queens |
|---|---|---|
| 1 | 147th Street Homes | Cambria Heights |
| 2 | 711 New York Painting & Decorating | Long Island City |
| 3 | A. Best | Woodside |
| 4 | A. D. Winston Corporation | Long Island City |
| 5 | A. J. McNulty | Maspeth |
| 6 | A. Ottavino | Ozone Park |
| 7 | Abbey Rent All | Bayside |
| 8 | Absolute Electrical Contracting, Inc | Rosedale |
| 9 | Academic Stone Setters | College Point |
| 10 | Ace Restoration Services | Richmond Hill |
| 11 | Acotech Services Inc. | Long Island City |
| 12 | Ahern Painting Contractors, Inc. | Woodside |
| 13 | Allied Bronze | Long Island City |
| 14 | American Elevator and Machine | Long Island City |
| 15 | Americore Drilling & Cutting, Inc. | Long Island City |
| 16 | Andrew Velez Construction Inc. | Elmhurst |
| 17 | Arrow Alliance Construction Corp. | College Point |
| 18 | Ashlar Mechanical Corp. | Long Island City |
| 19 | ASM Mechanical Systems | Maspeth |
| 20 | Bass Plumbing | College Point |
| 21 | Bauerschmidt and Sons | Jamaica |
| 22 | Bravest Pest Control, Inc. | College Point |
| 23 | Built Rite Contracting Corp. | College Point |
| 24 | C. R. Specialties | Forest Hills |
| 25 | C.C.I.A. Mechanical Corp. | Long Island City |
| 26 | Call-A-Head | Broad Channel |
| 27 | Cannady Security | Jamaica |
| 28 | Canterbury International | Jamaica |
| 29 | Cardoza Plumbing Corporation | Jamaica |
| 30 | Castle Sanitation Corp. | Maspeth |
| 31 | Centennial Elevator Co. | Long Island City |
| 32 | Century Maxim | Maspeth |
| 33 | CGI Northeast Inc. | Long Island City |
| 34 | Cherry Office Products | S Richmond Hill |
| 35 | Coffey Contracting Inc. | Fresh Meadows |
| 36 | Controlled Inspection Services | Long Island City |
| 37 | Crimson Construction Corp. | Maspeth |
| 38 | DFB Sales | Long Island City |
| 39 | Dynamic Fire Inc. | Long Island City |
| 40 | E.J. Electric Installation Co. | Long Island City |
| 41 | Eagle Air Limited | Long Island City |
| 42 | Eagle One Roofing Contractors, Inc. | Astoria |
| 43 | Eagle Transfer Corp. | Long Island City |
| 44 | Ebony Office Products | Long Island City |
| 45 | Empire Architectural | College Point |
| 46 | Empire City Iron Works | Long Island City |
| 47 | Encore Lighting | Maspeth |
| 48 | Executive Liquidation | Forest Hills |
| 49 | Fire Com | Woodside |
| 50 | Five Star Electric Corp. | Ozone Park |
| 51 | Flush Metal Partition Corp. | Maspeth |
| 52 | Fred Geller Electrical, Inc. | Woodside |
| 53 | Fresh Meadow Mechanical Corp. | Fresh Meadows |
| 54 | GDO Contracting Corp. | Long Island City |
| 55 | Gerbe's Service | College Point |
| 56 | Giant Industrial Installation Inc. | College Point |
| 57 | Glenridge Fabricators, Inc. | Glendale |
| 58 | Gotham Air Conditioning Services Inc. | Long Island City |
| 59 | Hallen Steel | Long Island City |
| 60 | Hallen Welding Service | Long Island City |
| 61 | Henick-Lane, Inc. | Long Island City |
| 62 | I. Weiss and Sons | Long Island City |
| 63 | Industrial Pump and Balance | Long Island City |
| 64 | Industry Advancement Program of the Building Contractors Association | Flushing |
| 65 | Innovative Building Solutions | Long Island City |
| 66 | Iron Works by YSL | Whitestone |
| 67 | JAM Services Co., Inc. | College Point |

## Tishman

Queens based Minority Subcontractors / Vendors that Tishman has worked with

| | Firm Name | Area of Queens | Type |
|---|---|---|---|
| 1 | Abramov Engineering | Forest Hills | WBE |
| 2 | Alpha Omega Electrical Contractors | Astoria | WBE |
| 3 | American Security Systems Inc. | Long Island City | |
| 4 | Ametis Construction Corporation | Laurelton | M/WBE |
| 5 | ARK Systems ElectricCorp. | Long Island City | MBE |
| 6 | Aurora Electric Inc. | Jamaica | WBE |
| 7 | BNG Construction , Inc. | Long Island City | MBE |
| 8 | Cardoza Plumbing Corp | Jamaica | MBE |
| 9 | Cole Consutling Corp. | Elmsford | MBE |
| 10 | Crystal Window & Door System, Ltd. | Flushing | MBE |
| 11 | Danco Electrical Contractor, Inc. | Long Island City | MBE |
| 12 | Dennison Electric Corp. | Queens | |
| 13 | Dierks Heating Company, Inc. | Long Island City | WBE |
| 14 | Direct Access Corp | Cambria hieghts | MBE |
| 15 | First Choice Mechanical | Jamaica | MBE |
| 16 | GDO Contracting Corp | Long Island City | MBE |
| 17 | Indy Electric Corp. | Queens Village | MBE |
| 18 | International Asbestos Removal, Inc. | Woodside | WBE |
| 19 | International Woodwork | Queens Village | MBE |
| 20 | J & R Rey Electrical Contractors Inc | Woodside | MBE |
| 21 | JCF Electric Inc | Maspeth | WBE |
| 22 | Kanta Electric Corp. | Woodside | MBE |
| 23 | Land - Site Contracting | Jamaica | MBE |
| 24 | New York Protection Controls, Inc. | Long Island City | M/WBE |
| 25 | R.A.M.S Mechanical, Inc. | College Point | MBE |
| 26 | Recon Construction Corp. | Flushing | WBE |
| 27 | Tec-Crete Transit Mix Corp | Jamaica | M/WBE |
| 28 | TNT Industries Inc. | Queens Village | M/WBE |
| 29 | Villafane Electric Corp. | College Point | MBE |
| 30 | Walton Electrical Construction Corp. | Springfield Gardens | MBE |
| 31 | Windsor Electrical Contracting Inc. | Jamaica | MBE |

## Tishman

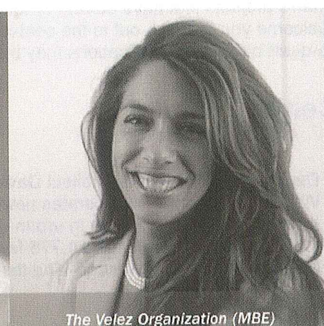
TISHMAN

**Bidding Opportunities**
**Assistance & Training**

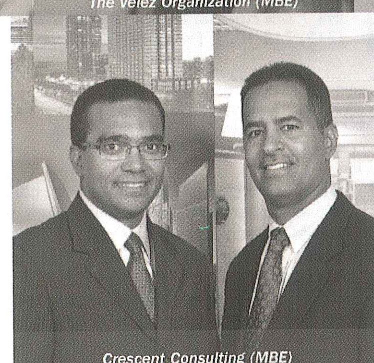
# BIDDING OPPORTUNITIES

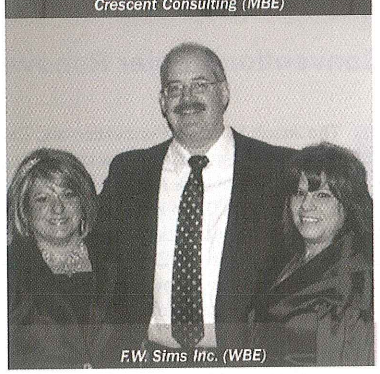
## Tishman Is Proud to Have Long-Term, Successful Relationships with Diverse Business Enterprises


Blue Lake Crane LLC. (MBE)


The Velez Organization (MBE)


Tri-State Mechanical Systems Inc.
DBA H. Lieblich & Co. (MBE)


Crescent Consulting (MBE)


F.W. Sims Inc. (WBE)

*Tishman Construction Corporation is committed to providing equal employment opportunities to all applicants and employees without regard to race, creed, color, citizenship status, religion, sex, sexual orientation, marital status, age, national origin, status as an individual with a disability or status as a disabled and/or Vietnam Era veteran or other protected veteran or any other legally protected status and to affirmatively seek to advance the principles of equal employment opportunity.*

To become a pre-qualified Tishman vendor, e-mail an expression of interest to:
service@tishman.com

**Tishman Construction**
**Offices Nationwide**
**www.tishman.com**

# Tishman

## BECOME A PREQUALIFIED TISHMAN VENDOR

Tishman recently started an on-line prequalification process. It is important to Tishman to have as many minority-, women-owned businesses, and other small business concerns, pre-qualified and in the Tishman vendor database as possible. There are lots of current and up-coming opportunities, so send an email to **service@tishman.com** today and indicate that you are interested in completing the on-line prequalification form. In your email, make sure to include the following information: Vendor Name, Address, City, State, Zip Code, Phone, Fax and Trade. *Please note the following:*

- *Prequalification is subject to the successful completion of a prequalification form by trade and approval by Tishman.*
- *Certain projects may require additional prequalification processes.*

## CONTACT

The participation of diverse and small business enterprises in Tishman projects is made possible by a team of Affirmative Action Managers, Coordinators, Assistants and Consultants. They are supported by the commitment of the Project Managers, Executives and corporate leadership. The group is led by Henry Estrada, SVP-Community Relations and Flora Ramos, Senior Project Manager. If you have any questions, please contact:

***Ms. Liz Archer, Outreach/EEO Coordinator***
***(212) 708-6814***
***larcher@tishman.com***

## BIDDING OPPORTUNITIES

The following are just a few of Tishman's projects that have current or future bidding opportunities for small, disadvantaged and diverse business enterprises. We welcome you to reach out to the contacts provided for each project to learn more about the available opportunities and what pre-qualifications or certifications may be required.

### ➢ One World Trade Center*
**New York, NY**

Designed by renowned architect David Childs, of Skidmore, Owings and Merrill, LLP, One World Trade Center incorporates new architectural and environmental standards, setting a new level of social responsibility in urban design. As New York City's tallest skyscraper, its antenna tower will rise an impressive 1,776 feet into the sky as an ever-present symbol of renewal and hope for the future. *Second- and third-tier contracting opportunities only.

**Contact:**
Ms. Flora Ramos, Senior Project Manager
(212) 748-1001, Framos@tishman.com

### ➢ Trans-Hudson Express (THE) Tunnel
**New Jersey/New York**

The CM Consortium, a joint venture consisting of Tishman, Parsons and Arup, has been chosen to serve as Construction Manager / Project Controls on the construction of the ARC Trans-Hudson Express Tunnel.

**Contact:**
Ms. Sebrena Melette-Boone, Contract Compliance Manager
(973) 491-8069, smelette-boone@njtransit.com

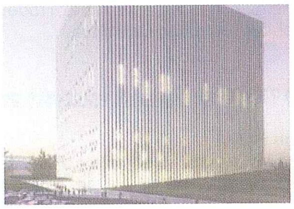
### ➢ Jacob K. Javits Convention Center Renovation & Expansion Project
**New York, NY**

The Jacob K. Javits Renovation and Expansion Project is underway, with opportunities for second-tier contracting. The contracting goals on the project are for first-tier and second-tier participation of 15% Minority Business Enterprise(s) and 5% Women-Owned Business Enterprise(s). There is a workforce participation goal of 25% minorities and women. The project intends to include a Project Labor Agreement. Other requirements include M/WBE certification with the Empire State Development Corporation (ESDC). Assistance is available for firms pursuing their certification. For information about upcoming informational events, contact the email below.

**Contact:**
Ms. Elizabeth Velez, (212) 684-5500, javitsproject@velezorg.com

## Tishman

### ➢ Public Safety Answering Center II
**Bronx, NY**



This facility will house emergency communications systems, including PD/FD 911 Call Taking/Dispatch operations for the City, to work in tandem with the current PSAC1, as well as Operation Centers to coordinate emergency responses for both agencies. This facility will be hurricane, flood, earthquake and bomb-blast resistant and is the daily work environment for more than 750 people. In addition, the project will be required to achieve a LEED Silver rating.

**Contact:**
Mr. Michael Arroyo, (646) 228-3764, arroyo@tishman.com

### ➢ WTC Vehicular Security Center and Tour Bus Parking Facility
**New York, NY**

The World Trade Center Vehicular Security Center and Tour Bus Parking Facility (VSC) will offer visitors, business tenants, and lower Manhattan residents a state-of-the-art facility with their safety and security as the foremost concern. The VSC is a below-grade structure that will be used to screen buses, trucks and cars entering the World Trade Center (WTC) site and its wide array of facilities. In addition, the VSC will connect to an underground roadway system that will serve all of the office towers within the WTC site.

**Contacts:**
Ms. Robyn Odita, Affirmative Action Manager – (646) 837-8506, rodita@tishman.com

### ➢ Portal Bridge Capacity Enhancement Project
**Kearny and Secaucus, NJ**

Tishman is part of the Construction Management team for the Portal Bridge Capacity Enhancement Project, which involves NJ Transit and Amtrak. The project is a cooperative effort to increase rail capacity over Amtrak's Northeast Corridor between Swift and Portal Interlocks and provide rail passenger service to New York Penn Station.

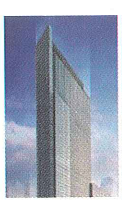
**Contact:**
Mr. Kamal Shahid, Compliance Coordinator - (973) 623-2999, kshahid@kseng.com

### ➢ 150 Greenwich Street - WTC Tower 4
**New York, NY**

Tishman is the Construction Manager for 150 Greenwich Street, a 64-story tower that will be the fourth tallest skyscraper on the World Trade Center site( 975 feet from street level). With offices beginning at 139 feet above street level, the building will include 53 office floors that total 2.3 million square feet. The project will provide access to the transportation and retail concourse below grade connected to the central PATH terminal.

**Contact:**
Ms. Carol Garvin, Compliance Coordinator - (646) 200-7070, cgarvin@tishman.com

### ➢ The 42nd and 10th Development
**New York, NY**



The 42nd and 10th development is a mixed-use development in the Midtown West neighborhood of Manhattan. It contains a luxury rental component, luxury for-sale condominiums, an off-Broadway theater center, a hotel, street level retail, and parking. Construction is underway and expected to be complete in 2011.

**Contact:**
Mr. Luis Muñoz, Compliance Manager - (347) 297-9772, lmunoz@crescentconsult.com

## Tishman

### ➢ WTC Transportation Hub
**New York, NY**

Tishman, in a Joint Venture with Turner Construction, has been contracted by the Port Authority of New York and New Jersey to complete the construction of the new World Trade Center PATH Terminal, designed by world-renowned architect Santiago Calatrava.

**Contact:**
Mr. Bill Quinn, Director, M/WBE Programs– (347) 733-8848, bquinn@mckissack.com

**Procurement Schedule for WTC Transportation Hub:**
Solicitations shall be accepted for the construction trade work noted below. Please note that a unionized labor force will be present on the project and that you will be required to work within this jurisdiction.

**Note:** Please visit the following link for prequalification and bidding information specific to, and required for, the Transportation Hub Project: http://www.tishmanconstruction.com/index.php?q=wtchub
The following chart provides a rough estimate of the procurement schedule for the Hub project. This information is subject to change and more precise information can be found via the link above.

| TRADE/RFP PACKAGE | PROCUREMENT START | CONTRACT VALUE |
|---|---|---|
| Superstructure Concrete | 3/2010 | $100M+ |
| Foundation Concrete | 3/2010 | $ 10M - $25M |
| Vertical Transportation | 3/2010 | $25M - $50M |
| HVAC-5 BMS | 3/2010 | $ 10M - $25M |
| E-6 Fire Alarm System | 3/2010 | $10M - $25M |
| E-7 Security | 3/2010 | $10M - $25M |
| E-8 Tele/Data, Wayfinding, Radio | 3/2010 | $50M - $100M |
| H & M Wall Demolition | 3/2010 | $5M - $10M |
| Pre-purch. Interior Stone Supply & Fab. | 3/2010 | $5M - $15M |
| Miscellaneous Iron | 3/2010 | $1M - $5M |
| Pre-purch. Lighting | 2Q/2010 | $5M- $10M |
| Masonry | 2Q/2010 | $5M - $10M |
| Oculus Steel | 2Q/2010 | 100M+ |
| E-1 PDC/SPOT Network & TLP Infra/EQ | 2Q/2010 | $25M - $50M |
| Ornamental Metals & Glass Floor | 2Q/2010 | $5M - $10M |
| Spray Fire Proofing | 2Q/2010 | $1M - $5M |
| Interior Glass Storefronts | 2Q/2010 | $10M - $25M |
| Rough Carpentry & Millwork | 3Q/2010 | $10M - $25M |
| Temp Protection Carpentry | 3Q/2010 | $10M - $25M |
| Hollow Metal Doors & Hardware | 3Q/2010 | $1M- $5M |
| Overhead Coiling Doors | 3Q/2010 | <$1M |
| FP-2 Hub | 3Q/2010 | $5M - $10M |
| P-3 Hub | 3Q/2010 | $5M - $10M |
| HVAC-2 Hub | 3Q/2010 | $25M - $50M |
| E-3 Hub | 3Q/2010 | $10M - $25M |
| Oculus Glass & Skylight | 3Q/2010 | TBD |
| Interior Stone (w/ PP Material Assigned) | 4Q/2010 | $10M - $25M |
| FP-1 WTC Tower 2 | 4Q/2010 | $1M - $5M |
| P-2 WTC Tower 2 | 4Q/2010 | $1M - $5M |
| HVAC-1 WTC Tower 2 | 4Q/2010 | $10M - $25M |
| E-2 WTC Tower 2 | 4Q/2010 | $5M - $10M |
| FP-3 Tower 3 | 4Q/2010 | $5M - $10M |
| FP-4 Tower 4 | 4Q/2010 | <$1M |
| P-4 WTC Tower 3 | 4Q/2010 | $1M - $5M |
| P-5 WTC Tower 4 | 4Q/2010 | <$1M |
| FP-4 Tower 4 | 4Q/2010 | <$1M |
| P-4 WTC Tower 3 | 4Q/2010 | $1M - $5M |
| P-5 WTC Tower 4 | 4Q/2010 | <$1M |
| HVAC-3 WTC Tower 3 | 4Q/2010 | $25M - $50M |
| HVAC-4 WTC Tower 4 | 4Q/2010 | $1M - $5M |
| E-4 WTC Tower 3 | 4Q/2010 | $10M - $25M |
| E-5 WTC Tower 4 | 4Q/2010 | $5M - $10M |
| Plaza Waterproofing & Sitework | 4Q/2010 | TBD |
| Flooring (Resil, Waterpf & Crpt) | 4Q/2010 | <$1M |
| Painting & Plaster | 4Q/2010 | $1M - $5M |
| Toilet Partitions & Specialty Items | 4Q/2010 | <$1M |
| Graphics & Signage | 4Q/2010 | $1M - $5M |

Hard Rock

# Equal Employment and Business Opportunity Plan

2

PLAN HIGHLIGHTS

REAFFIRMATION OF POLICY

Hard Rock International, LLC (Hard Rock) is committed to providing Equal Employment Opportunity for all persons employed by or seeking employment with the company, without regard to race, creed, color, national origin, ancestry, affectional or sexual orientation, gender, age, marital status, nationality, atypical hereditary cellular blood trait, liability for service in the armed forces of the United States, disability (where reasonable accommodation may be made to allow for such disability without causing an undue hardship on the company) or rehabilitated offender status. Hard Rock's GM and EEO/AA Director will spearhead this commitment through implementation of policies designed to:

* Take affirmative action in employment practices for women, minorities and persons with disabilities.
* Provide all employees, at construction sites and in all facilities, with a work environment free of harassment, intimidation and coercion.

This policy extends to the employment relationship and all areas of personnel administration including but not limited to: recruitment, supervision, selection for job assignment and/or training, including apprenticeship, upgrading, transfer, promotion, demotion, termination, compensation, benefits, educational opportunities, and company sponsored recreational activities.

DISSEMINATION OF POLICY

1. Printed Policy
Our EEO/AA Policy Letter is framed and displayed conspicuously in places where candidates apply for employment and where interviewing is conducted, and at locations where construction work is performed.
2. Company Policy Statement
Hard Rock's Company Policy Statement is contained in the Employee Handbook which is distributed to and reviewed with all employees.
3. Communications Media
Reference to the EEO/AA Policy is made periodically in the Company newsletter and other company publications.
4. Orientation and Training
The Company's EEO/AA policy is thoroughly discussed in both employee orientation and management training programs.
5. Meetings with Management & Supervisory Personnel
Departmental meetings are held with executives, management and supervisory personnel to discuss individual responsibility for implementation of the Company's EEO Policy, Goals and Timetables.
6. Communication with Employees
All Employees including construction workforce on job sites are periodically informed of the existence of our Equal Employment Opportunity/Affirmative Action Plan. EEO policy statements are posted on bulletin boards and in other public areas in offices and on construction sites.

7. Internal Publicity
Promotions and other activities pertaining to minorities, females and persons with disabilities receive the same recognition as all other employees. Minority, female and disabled employees are pictured in employee handbooks and similar publications.

**EXTERNAL DISSEMINATION OF POLICY**

1. Recruiting Sources
Recruiting sources are informed of Hard Rock's Equal Employment Opportunity/Affirmative Action Policy and instructed to actively recruit and refer minorities, women and persons with disabilities for all job openings listed with them.
2. Referral Sources
Minority, female and special needs sources for the disabled, organizations, community groups and leaders, secondary schools and colleges, State Employment Services are notified of Hard Rock's Equal Employment Opportunity/Affirmative Action Policy and encouraged to actively and continually participate in the execution of this policy.
3. Prospective Employees
Efforts are made to inform all prospective employees that Hard Rock is an Equal Opportunity/Affirmative Action Employer. Help wanted advertising contains the statement "An Equal Opportunity Employer - women, minorities and individuals with disabilities are encouraged to apply." Advertisements for applicants are placed in newspapers of general circulation and other media which reach a cross-section of the population in the area from which the workforce will be drawn. Minorities, women and individuals with disabilities appear in company advertising. Hard Rock's Employment Application is reviewed periodically to insure compliance with the latest state and federal regulations.
4. Vendors/Suppliers Notification
Hard Rock's vendors and suppliers have been notified of the company EEO/AA policy. The equal opportunity clause is incorporated in all purchase orders for goods and services, including construction supplies.

**RESPONSIBILITY FOR IMPLEMENTATION**

A. General Manager AND EEO/AA DIRECTOR

The GM of Hard Rock and the EEO/AA Director are responsible for establishing company- wide compliance with Resorts' Affirmative Action Plan. Their duties include:
1. Developing policy statements, affirmative action programs, internal and external communication techniques.
2. Identification of problem areas.
3. Assisting management in implementation of our programs and in arriving at solutions to problems.
4. Designing and implementing audit and reporting systems that will:
a. Measure the effectiveness of our programs.
b. Indicate the need for remedial action.
c. Determine the degree to which goals and objectives have been attained.
d. Provide all required statistical reports
6. Performing periodic audits and reviews of corporate training programs, hires, promotions, terminations, seniority practices, job classifications, management and supervisory practices, work assignments and training/apprenticeship programs to ensure that there are no impediments to equal opportunity.
7. Conducting periodic on-site visits in facilities to ensure that policy statements and posters are displayed; to establish that minorities, females and persons with disabilities are indeed on the job; to answer questions pertaining to Hard Rock's affirmative action program.
10. Ensuring Human Resources Department's compliance in establishing, conducting and evaluating career upward mobility programs.

4

## RECRUITMENT AND SELECTION PROCEDURES

The Vice President of Human Resources and the EEO/AA Director work closely together to ensure the development and application of personnel, hiring and recruitment policies and procedures that support and enhance utilization of women and minorities throughout the workforce. Employment Department policies and procedures are designed to include the participation of the EEO/AA Director. To ensure compliance, under the revised hiring policy, the GM and the EEO Director will review the "Interview Evaluation Form" and will sign off on all positions at $35,000 and above and on all underutilized positions/categories.

1. Recruitment
The Employment Department will distribute a listing of job vacancies to all management staff. This same listing of job openings is also distributed regularly to various recruitment sources such as community action agencies, schools, colleges and minority/female referral services and public employment services.

All regular non-union and union positions with salaries at $35,000 and above per year are posted and are advertised. All positions that are underutilized by minorities and/or females are also posted and advertised.

2. Job Posting Process
(a) All positions at $35,000 and above are posted. Positions that are identified by the EEO/AA Department as being underutilized by minorities and/or females are also posted.
(b) Each Job Posting will be assigned a Job Posting Number in accordance with the Posting Policy.
(c) All Job Postings will be posted for five (5) days on the employee information bulletin board
(d) All other position vacancies will be placed on a listing adjacent to the Job Postings and will remain posted until those positions are filled.

3. Employment Decision Process
Before any decision is communicated to an applicant for a position that has been identified as being underutilized by minorities and/or females, or is at a salary of $35,000 or above, the EEO/AA Department will review the hiring selection to ensure compliance in accordance with Hard Rock's Policies and Procedures as they relate to its Affirmative Action Plan.

4. Job Offer
No formal job offer can be made unless the Interview Evaluation Form is authorized and signature approval has been made by the EEO Officer and the GM for any position at $35,000 or above or any underutilized positions as identified by the EEO Office to ensure all good faith efforts have been made to comply with Hard Rock's Affirmative Action Plan. Hard Rock has revised its Employment Affirmative Action Survey Form to include data to The EEO Task Force which serves as the internal control and individual accountability system for executive level staff involvement in fulfilling the Company's affirmative action obligations.

| | |
|---|---|
| GM | Chairs Task Force, Formulates and Enforces Policy |
| Director EEO/AA | Formulates Policy, Assist Departments in Compliance, Reports to Commission |
| Sr. V.P. Human Resources | Intern Program and Support of EEO/AA Goals |
| V.P. & General Counsel | Regulatory Issues and Compliance, Advises on Policy Formulation |
| V.P. Facilities | Construction Contract Compliance with M/WBE and EEO Goals |
| Director Materials Mgmt. | Purchasing compliance with M/WBE Goals |

| | |
|---|---|
| Resource Departments | Resource Departments to ensure compliance are I.S., Accounting Department and the Marketing/Public Relations Department and Internal Audit Department: |
| | IS: Design and Produce Reports for Compliance Monitoring |
| | Accounting: Audit Contract Compliance |
| | Mktg/PR: Publicity, Advertising for EEO/AA Programs |
| | Internal Audit: Audit Resorts' EEBOP implementation annually and provide the EEO Task Force of its findings. A copy of such report will be filed with the Casino Control Commission annually. |

**UPWARD MOBILITY TRAINING**

Intern Program
HRI's Upward Mobility Training Program will be utilized as a tool to increase representation of women and minorities in the Officials and Managers EEO Job Group and to increase representation in these positions with salaries at $35,000 and above.

The Intern Program will be designed to advance or promote selected minority and/or female employees into existing positions as they become vacant, particularly in positions within the Officials and Managers EEO Category and to effect those positions at $35,000 and above and to also improve representation in positions where underutilization exists in certain job classifications.

Intern Program Design
A. There will be an Intern Program each year, provided further training skills are not required for advancement into the position identified for the individual. *Specific* training will be conducted according to the needs of the selected individual from the various division/department. Candidates will be selected based on the affirmative action efforts needed to improve representation of minorities and females by division/department or position in those EEO categories that are at $35,000 and above or where underutilization of minorities and females have been identified by the EEO/AA Department.
B. Eligible candidates who apply for consideration into the program should have at least one year of service.
1. All division heads should recruit employees that they feel would be good candidates for the program, keeping in mind the focus is to improve minority and/or female representation in various positions and/or EEO Categories as identified by the EEO/AA Department.
C. The program will consist of:
1. Four (4) weeks on-the-job training.
2. Classroom training to include supervisory/leadership skills; interviewing skills and professional resume preparation; harassment and discrimination in the workplace; basic communication skills; Introduction to Marketing in the hospitality/casino industry.
3. External training classes as specified to meet the intern's needs.
4. A Director-level mentor will be assigned to each intern to foster professional guidance.

**ACTION ORIENTED PROGRAMS TO ADDRESS UTILIZATION IN JOB GROUPS WITH SALARIES BELOW $35,000**

COLLEGE RECRUITMENT/CAREER FAIRS
The EEO/AA staff and Employment staff contact colleges for referrals of minority and/or female graduates. They also attend career fairs in which minorities and females traditionally participate for recruitment efforts. College recruitment efforts will primarily concentrate on placement opportunities for women and minority candidates in the Officials and Managers EEO Category when possible. Hard Rock will continue to routinely contact and participate in career fairs and solicit minority and female referrals for placement from schools, colleges and other recruitment sources, i.e. NAACP, National Urban League Conference, etc., to enhance minority and female representation where underutilization exists.

## CONSTRUCTION CONTRACTS M/WBE PARTICIPATION

The EEO/AA Director will compare work elements to M/WBE availability and establish M/WBE participation goals for each project based on the number of M/WBE firms available to complete the element.

Upon adoption by the Task Force, the M/WBE participation goals are incorporated into the bid specifications for each project and compliance with such goals are treated as a condition of contract award.

## OUTREACH

The Director of Materials Management, M/WBE Coordinator and EEO/AA staff perform outreach efforts through attendance at selected conventions, trade shows, conferences and community events, where participation of M/WBEs would be included. Hard Rock places advertisements in minority and/or women newspapers and other publications informing M/WBEs of its contracting opportunities to also enhance M/WBE participation which ultimately will increase minority/female construction workforce.

## IMPLEMENTATION OF PARTICIPATION REQUIREMENTS

1. Pre-Bid Conference

The EEO/AA Staff attends all pre-bid conferences and fully explains the M/WBE participation requirements as a condition of consideration for contract award as follows:

a. Name of M/WBE subcontractor
b. Contact person for each M/WBE listed
c. Dollar amount of M/WBE contract
d. Description of work to be performed by each M/WBE subcontractor
e. The dollar amount of M/WBE subcontractors.

The sum of dollar amount of M/WBE subcontracts must equal the participation goal as a percentage of the total mount of bid.

## MONITORING COMPLIANCE

Responsibility for monitoring post-award compliance is shared by the following:

Departments: EEO/AA, Accounting and Facilities.
Facilities: Contacts successful bidder, informs bidder of discrepancy and request the bidder demonstrate compliance.

If a contractor repeatedly fails to meet contract requirements for M/WBE participation,

PURCHASING GOODS AND SERVICES

A. PLANNING
At the beginning of each year, **the EEO/AA Director** and the Director of Materials Management will review each department's budget for the purchase of goods and services for the coming year. The planned dollar amounts for goods and services that are purchased by more than one department will be combined to determine the total dollar amount or purchasing for that product or service. The result of this review will yield the Pure goods and services to be purchased, the cumulative dollar amount of all purchases planned for the year. The Director of Materials Management identifies every product and service that is procured by the Purchasing Department and develops the M/WBE Purchasing goals for the year. The Director of Materials Management prepares a report of targeted M/WBE purchases and submits a report to the EEO/AA Director. The report will include the amount of purchasing to be achieved by departments that practice Discretionary Purchasing and recommendations of specific products or services for M/WBE utilization.

B. ADOPTION OF GOALS
When the M/WBE purchasing plan is complete, meetings with the Vice Presidents and their department managers who engage in discretionary purchasing targeted for M/WBE utilization will be arranged with the EEO/AA Director and the Director of Materials Management to develop strategies for purchasing from M/WBEs. When these meetings are complete, /WBE: purchasing plan will be presented to the EEO Task Force for approval.

C. IMPLEMENTATION
The M/WBE Purchasing Plan will be distributed to all personnel who participate in the purchasing process (Requisitioners and Buyers), to all Vice Presidents, and to all members of the EEO Task Force. The Plan will contain a list of products and services targeted fore MIWE utilization with those products and services targeted for the sheltered Bid Program. This list of available M/WBEs to provide the targeted products and services will be included Company Vice Presidents, Managers and Buyers will be informed that the results of their annual performance review will be affected, in part, by their compliance with this plan and their contribution to the success of the plan.

The Vice President, or a designated representative, will arrange a conference with the vendor to explain the M/WBE purchasing program and achieve an understanding with the vendor that their compliance with the plan is a condition of contract award. In the event that M/WBE utilization is achieved through subcontracts, the prime vendor's bid will provide pertinent information on the subcontractor as required.

Prior to contract award, the Vice President responsible for the contract will forward to the Director of Materials Management a copy of the vendor's M/WBE participation plan for approval. The Director of Materials Management and EEO/AA Director will have the discretion of (a) approving the bid for contract award; or, (b) presenting the results of contract with the M/WBEs and recommendation to the EEO Task Force. The LEO Task Force will decide whether or not to award the contract, or request additional effort be made to comply with the M/WBE purchasing plan. The decision of the Task Force is final and binding on all parties.

4. Monitoring Post-Award Compliance with M/WBE Subcontracts

The Accounting Department will audit all contract documents including change orders and payments to subcontractors to ensure compliance with M/WBE participation goals. If the Accounting Department determines that a project's participation goals are not being met, they will inform both the Vice President responsible for the contract and the EEO/AA Director. If the problem cannot be resolved between these two departments, it will be presented to the EEO Task Force for resolution. The Task Force may, at its discretion, take the actions listed below:
a. Instruct the Accounting Department to withhold payment to the vendor;
b. Instruct the Accounting Department to pay the M/WBE sub directly;
c. Require the vendor to appear before the Task Force and explain why contract requirements are not being met.
If a vendor repeatedly fails to meet contract requirements for M/WBE participation, the EEO Task Force may determine to suspend the vendor from consideration for future contracts for a period of time to be determined by the Task Force, and which is representative of the vendor's level of failure.

**M/WBE COORDINATOR DUTIES THAT SUPPORT EEO TASK FORCE IN IMPLEMENTATION AND MANAGEMENT OF POLICY**

1. Identify Potential M/WBE Suppliers/Contractors
Conduct research for the purpose of creating a comprehensive list of W/MDE firms which supply the goods, services and construction identified in the needs analysis. Using list of certified M/WBEs, conduct additional research as follows:
a. Review purchasing files to identify M/WBE firms currently and previously used by each department, office and construction project;
b. Contact purchasing personnel at other properties and in related industries regarding their knowledge of M/WBE firms;
c. Contact major contractors, suppliers and service firms regarding their knowledge and use of M/WBE firms;
d. Contact all appropriate government agencies and request their lists of qualified and certified M/WBE firms.

10

e. Contact local offices of Minority Purchasing councils, Chambers of Commerce, and non-profit organizations and request their list of M/WBE firms;
f. Establish contact with each identified M/WBE firm by requesting that they forward a copy of their M/WBE certification.

2. Assess M/WBE Capabilities
a. Conduct preliminary assessment of the capability of each M/WBE firm identified to perform the service or construction contract, supply the goods and comply with Resorts' purchasing policies and procedures.
b. Review M/WBE Registration information to identify those capable of providing the goods, services and construction needed as defined in the needs analysis.

3. Develop and Maintain the Company's M/WBE Data Bank
a. Comprehensive information on all M/WBE firms with whom Resorts has or is doing business.
b. Information on potential M/WBE suppliers and contractors.
c. All M/WBE data firms qualified and not qualified, certified and not certified.

4. Progress Reviews
On a monthly basis, the EEO Task Force will review progress in achieving established utilization goals and increasing the number of qualified and certified M/WBE firms.
They will, on a quarterly basis, review all purchasing areas, categories and subcategories of goods, services and construction related contracting opportunities selected for M/WBE utilization, and the utilization goals established; submit Quarterly Analyses to the EEO Task Force of company-wide progress based on results reported by department on the Quarterly M/WBE Report form, compile a Master List of goods, services and construction related contracts, inclusive of the goals established for each, selected for M/WBE utilization for use in tracking progress, and submit an Annual Report to the EEO Task Force with recommendations for purchasing goals and for increasing M/WBE utilization for the coming year.

A. BUILD AN M/WBE OUTREACH DATABASE
The M/WBE Coordinator is responsible for contacting all appropriate governmental agencies, minority and female vendor organizations, and private sector sources for lists of minority and female vendors in the product and service categories purchased by Hard Rock.

B. M/WBE DATA BANK
The M/WBE Coordinator will request the M/WBE forward a copy of their certification for and enter the firm into the database.

C. SHELTERED BIDS
The Director of Materials Management and the M/WBE Coordinator will conduct an analysis of the outreach database to identify the products and services of vendors/suppliers and contractors to participate in the sheltered bid process when appropriate.

# Accountability Index

SL GREEN
REALTY CORP.

Hard Rock

# Accountability Index

In order to ensure that the Development Team meets or exceeds its M/WBE goals, the team will hire firms such as the Regional Alliance, Spectrum Personal Communications Corp., and others to monitor the results and will report back to the State regarding compliance.

The Regional Alliance, for example, will provide all services necessary to ensure that good faith efforts have been performed and contracts are crafted at the prime and subcontractor levels to maximize the participation of M/WBE firms and minority and women in the workforce on the project. Utilizing the Regional Alliance Diversity Tracking System, the Regional Alliance will be able to identify areas of underutilization or non-compliance and advise The Team's Construction Management Firm that remedial action is required post haste. The M/WBE contracting and labor force compliance efforts will consist of the following:

- Establish written program or policy documents to oversee and enforce the goals and targets.
- Develop an M/WBE operating manual detailing the reporting guidelines and procedures to be followed in administering the M/WBE and Workforce Programs.
- Administrative Processes
- Reporting Mechanism
- Regularly monthly scheduled progress meetings/reports
- On-site monitoring
- Employment Reports
- Enforcement of M/WBE and Workforce Participation Targets
- Oversight Guidelines
- Prompt payment policies
- Good faith effort standards
- Meetings with community leaders and other interested parties to discuss status of the M/WBE and Workforce Programs

## Regional Alliance

The Development Team has retained the services of the Regional Alliance for Small Contractors to implement a full-service M/WBE and Capacity Building and Utilization Program. Immediately upon selection and receipt of notice to proceed, The Development Team will initiate its S/M/WBE and community outreach to inform the local businesses and residents of communities surrounding the project of upcoming contracting and job opportunities that will be available during the various phases of the projects, as well as operational contracting and job opportunities once construction is completed. Within 30 days of the selection, the team plans to conduct a business and jobs fair event in Queens. We will focus on implementing programs to level the playing field for local small, minority, and women-owned firms. For example, technical and financial assistance programs will be implemented, and every contract will be analyzed and packaged to maximize M/WBE participation. In addition, we will work with the trade unions to craft and implement pre-apprentice/apprentice programs to increase the representation and participation of minority and women residents.

The Regional Alliance for Small Contractors is a non-profit organization that has been in existence for 20 years. Cumulative staff experience in M/WBE and Labor Force Program design, development and implementation exceeds 100 years. The Regional Alliance has met or exceeded 20 percent M/WBE participation goals on three major projects, whose construction costs each exceeded a billion dollars:

- Continental Airlines Terminal Expansion at Newark Liberty International Airport – M/WBE achieved goal was 24%.
- Capital City Economic Development Authority Waterfront Development Project (Hartford, CT) – S/MBE achieved goal was 22.5%
- JetBlue T5 Project at John F. Kennedy International Airport – MWBE achieved goal 20.3%. See recent article from New York Construction News.

As background, the Regional Alliance was established in 1989 as a public/private partnership which was initiated primarily by The Port Authority of New York and New Jersey (PA), the Dormitory Authority of the State of New York (DASNY), and NJ Transit to help small, minority and women businesses overcome the barriers in accessing contracting opportunities and performing successfully once they were awarded contracts. The Regional Alliance was incorporated as a not-for profit in 1990. Its board has consisted of members from the public and private sector, such as the Port Authority of NY & NJ, Hugh L. Carey Battery Park City Authority, Dormitory Authority of the State of NY, Metropolitan Transit Authority, NYC School Construction Authority, NYC Department of Small Business Services, Tishman Construction Corporation, Turner Construction, Bovis Lend Lease LMB, Arent Fox, LLP, STV, Inc., Empire State Development Corporation and New Jersey Transit.

The Regional Alliance programs' excellence has been recognized by various organizations for their quality and success. They are a Ford Foundation and JFK School of Government at Harvard University Innovations in State and Local Government awards finalist; received a U.S. Business Administration Vision 2000 Model of Excellence Award for Minority Business Development; and their programs have been cited by the U.S. Department of Commerce as "demonstrably effective in positively impacting the behavior of recipient firms and one that deserves to be emulated throughout the country."

The alliance organizations in Boston, Atlanta, and Orlando have emulated the Regional Alliance best practices to implement their developmental programs, and the Regional Alliance provided them with the counseling needed to establish their organizations.

The Regional Alliance was selected by the NY Jets as its M/WBE and Workforce Program Manager to design and implement a "state of the art" Capacity Building and M/WBE Contractor and Labor Force Compliance Program for its new stadium in 2005. The Program was proclaimed by Mayor Bloomberg and other elected officials as the best M/WBE program conceived, however the NY Jets cancelled $2 billion New York Sports and Convention Center project was cancelled.

## ADDITIONAL INFORMATION ON REGIONAL ALLIANCE CONSULTING SERVICES

### IDENTIFICATION AND ANALYSIS OF AGENCY PROGRAMS

The Regional Alliance provides general program advice and support to public and private sector M/WBE program offices. Their staff members have served many years in M/WBE program administration in the Port Authority and other major sector firms. The Regional Alliance has a combined database of over 11,000 certified firms from all major certifying agencies.

### MENTOR PROTÉGÉ PROGRAM DEVELOPMENT

Staff of the Regional Alliance has been involved in assisting in the development and implementation of the Port Authority of NY & NJ's successful mentor/protégé program

## STAFF RESUMES

EXECUTIVE DIRECTOR

### *EARLE J, WALKER, EXECUTIVE DIRECTOR*

Earle J. Walker brings almost 30 years of public service experience with the Port Authority of New York and New Jersey and years of accounting experience in the private sector to his position as Executive Director of the Regional Alliance for Small Contractors (RASC). As the General Manager of the Port Authority's Office of Business and Job Opportunity (OBJO), and later as the Acting Director of OBJO, Mr. Walker achieved great success. Specifically:

- He was contracted by the New York Jets as their M/WBE and Labor Force Program Manager. He developed and implemented an "out the box" innovative program which is being held as the model for other major construction projects.
- He led the Port Authority's disparity study team's effort in developing a program to comply with US Supreme Court Guidelines for Affirmative Action Programs.
- He was instrumental in the implementation of the Port Authority's new M/WBE Affirmative Action Program and other development programs for small business enterprises.

In 1998, Mr. Walker became the Executive Director of the Regional Alliance. During his tenure at the Regional Alliance:

- He developed and implemented comprehensive strategies which include the following networking events: Annual Contractors' Clearinghouse, Annual Awards Luncheon, Annual Chairman's Breakfast, Annual Boat Ride as well as various contract opportunity breakfast sessions for S/M/WBE business owners hosted by construction managers. In addition, a new RASC membership club was created to enhance relationships and networking opportunities for small contractors to meet representatives from construction agencies, construction managers and major prime contractors.

- He opened a computer training center for small contractors in the RASC New York office.
- He accessed over $25 million in loans in the last three years and $13 million in bonding last year for M/WBE firms.
- He was instrumental in initiating the Regional Alliance's operations in Connecticut.
- He also tripled the operating budget and staff of the RASC.

Mr. Walker is a graduate of The City University of New York with a Business Administration Degree majoring in Accounting, and a 1988 graduate of the Pace University Executive MBA Program. He continues to work to improve the effectiveness of the Regional Alliance's small business development programs and contract services, and to expand the role of the Regional Alliance in the acquisition of work for small, minority and women owned contractors in the region.

## Regional Alliance

### *DONNA TUCKER*

Experience:

The Regional Alliance for Small Contractors

2/99 – Present Chief of Staff and Project Administrator

- Administer Port Authority M/W/SBE training and technical assistance contract.
- Administer Port Authority Aviation tenant contract compliance contract.
- Work with Program Director, Contract Compliance on various contracts. Completed or on-going projects include the Continental Airlines Global Gateway Project at Newark Liberty International Airport; Hartford, CT's Adriaen's Landing and Rentchlers Field; and New Jersey School Construction Corporation's Capital Program for Region 1.
- Lead or participate in various Regional Alliance outreach/networking and fundraising events, such as the Contractors' Clearinghouse, Annual Networking Membership Luncheon, Annual Awards Luncheon, etc.
- Administered Columbia University contract which included developing a vendor profile database, outreach to identify local M/WBE contractors interested, and organize outreach function.
- Perform or review monthly billings for major contracts.
- Substitute for Executive Director during absences.

The Port Authority of New York and New Jersey

6/93-12/98 Principal Business Development Representative, Office of Business and Job Opportunity

- Perform review of Minority/Woman-Owned/Disadvantaged Business Enterprise certification applications of various complexities. Substitute for Supervisor of Certification Programs during absences.
- Analyze legislation impacting the Disadvantaged Business Enterprise Program.
- Coordinate and prepare the PA's Disadvantaged Business Enterprise Program for submission to the Federal Aviation Administration.

- Assist client departments in identifying M/W/S/DBE prime and subcontracting opportunities for PA and tenant contracts.
- Organize targeted outreach forums to advise local M/WBEs of upcoming airport concession opportunities.

5/88-6/93 Staff Assistant/Business Development Representative, Office of Business and Job Opportunity

- Perform reviews of Minority/Woman-Owned/Disadvantaged Business Enterprise certification applications.
- Develop and institute a computerized retail business profile database for DBE concession opportunities.
- Edit/prepare divisional activity reports and reports on specific projects.
- Provide assistance to senior staff in coordinating with client departments the identification of opportunities for S/M/WBEs.
- Represent the Port Authority at various meetings, seminars, etc.

6/66-4/88 Administrative/Clerical Support Positions

Education:
Pace University, New York City
Enrolled in Bachelor of Professional Studies Program

Skills:
MS Word, MS Excel

Certifications/Training:
American Contract Compliance Association – Certified Compliance Administrator Certification
US DOT DBE Certification Workshops – Completion certificates 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999

### *PAOLA CAMARGO*

Experience

REGIONAL ALLIANCE FOR SMALL CONTRACTORS – New York, NY

2006 – Present

Training Programs and Outreach Events Manager

Responsible for overseeing the Regional Alliance for Small Contractors' training programs which includes Managing Growth® courses, computer courses and other training programs. Coordinating the annual Contractors' Clearinghouse, and assisting in the development of marketing strategies for outreach events.

MORTGAGE MASTERS, INC. – Union City, NJ

Summer 2005

Mortgage Loan Processor (Intern)

Supported mortgage broker in the process of residential loans. Assisted loan officers in the sale process by recommending favorable mortgage options in alignment with specific needs of the clients. Generated cost/payment scenarios and illustrated positives and negatives to encourage swift and appropriate decision making. Managed highly confidential documents involving salary, credit history, and personal finances.

REGIONAL ALLIANCE FOR SMALL CONTRACTORS - New York, NY

2000-2004

Executive Assistant

Assisted the Executive Director in the effective management of key projects that served as the primary source of revenue for non-profit organization. Organized and coordinated all stages of networking and fundraising events. Managed project financials, including P&L, budget, and accounts payable/receivable. Supervised teams responsible for organizing the events. Negotiated competitive pricing/contracts with vendors. Contacted senior-level executives to pursue corporate sponsorships. Supervised the design and development of program booklets for events.

# Regional Alliance

REGIONAL ALLIANCE FOR SMALL CONTRACTORS - New York, NY

1994-2000

Secretary

Supported Project Managers in creating and executing various projects for non profit organization. Served as a representative of the organization and attended networking conferences to generate leads and referrals for future projects. Planned and scheduled board and executive committee meetings; coordinated travel logistics. Prepared time-sensitive documents, including board of director packages, minutes, proposals, and agendas. Coordinated and maintained daily calendar.  Supervised other secretaries and interns.

EDUCATIONAL BACKGROUND

Bachelor of Science Degree in Finance • RUTGERS UNIVERSITY – Newark, NJ (Jan. 2006)

Associates in Legal Assistance • HUDSON COUNTY COMMUNITY COLLEGE – Jersey City, NJ (2001)

Paralegal Internship • Law Office of Edgar De Leon – New York, NY (Summer 2001)

Licensing: Notary Public and Real Estate

COMPUTER PROFICIENCIES

MS Word • MS PowerPoint • MS Excel • MS Access • Paradox • PageMaker • QuickBooks • Peachtree

***RICHARD C. HELLENBRECHT***

246-72 86th Road

Bellerose, NY 11426

(718) 343-5397 (H), (646) 286-4887 (M)

E-mail: rch.brecht@verizon.net

PROFESSIONAL EXPERIENCE

The Regional Alliance for Small Contractors

January 2003 to present

Director, Technology Programs/Project Manager, NYS/DOT Assessment/ Implementation Contract. Responsible for development of technology solutions, databases and support services. Prepare project proposals. Responsible for overall management of NYS DOT contract, deployment of resources, reporting and control of assessment/implementation contract for DBE firms. In addition, serve as Director of Technology Programs for the Regional Alliance, webmaster of regional-alliance.org and database administrator.

Achievements:

- Increased rapid response and deployment of consultants
- Established and met specific goals and contract benchmarks
- Ensured contract compliance and improved reporting
- Established compiled certification database of all state agencies
- Performed certification on M/WBE and DBE firms at the Port Authority
- Performed DBE site interviews.

Rich Associate

January 2001 to December 2002

President CEO. Provided professional marketing and coordination services to small insurance company. Established PowerPoint Presentations, brochures, website, forms, client roll-out documents, completed mandatory federal filing for clients, organized office and manage network.

## Regional Alliance

The Port Authority of NY & NJ

November 1998 to December 2000

Manager, Business Services and Budget, Technology Services Department/Procurement Department. Developed and managed $50+ million departmental budget, established equipment write-off schedules, reported on project and budget status, outsourced technology services and managed technology contracts and procurement.

Achievements:

- Spearheaded RFP selection panel for agency-wide technology staffing (job shopper) contracts worth $10 million
- Managed outsourcing RFP for agency-wide technology training program
- Established technology consultant call-in agreements worth $3,500,000
- Established project reporting protocols for technology clients
- Streamlined budget process and developed cost control procedures and reporting
- Reorganized and reduced administrative staff by combining several units
- Negotiated termination and replaced $5 million "break/fix" PC support contract

November 1989 to October 1998

Manager, Policy Development, The Office of Business and Job Opportunity.

Established and managed corporate policies on development of M/W/SBEs.

Established legal mandate for agency M/W/SBE set-asides

Conceived and developed corporate ORACLE contractor/vendor database

Tracked agency-wide contract expenditures worth nearly $1 billion per year.

Designed data collection forms, report formats and links to enterprise data.

Developed annual budget, budget cost management and financial controls.

Prior to November 1989 various positions of increasing managerial responsibility

EDUCATION

Long Island University-C.W. Post Center - 1983

Greenvale, NY

Master of Business Administration

St. John's University-College of Business Administration - 1977

Queens, NY

Bachelor of Science - Business Administration

PROFESSIONAL AND COMMUNITY AFFILIATIONS

Bellerose Commonwealth Civic Association, Inc.

Bellerose, NY

Secretary/Treasurer

President 1976-1985, 1995 - present

The City of New York - Queens Community Planning Board 13

Elected July 2001 to June 2009

Chair of the Board – 2001-2009

Board Member/ Zoning Chair

Appointed 1985-present

Queens Civic Congress, Inc.

Queens, NY

Vice President – elected April 2000 to present

## Regional Alliance

***CASSANDRA HILL***

(Office) 718-656-2977 (Mobile) 718-607-0669

Experience:

The Regional Alliance for Small Contractors

3/2006 – Present

M/W/DBE Project Director, Jet Blue Terminal Expansion, JFKIA

- Manage M/B/DBE program for JetBlue Airways terminal expansion
- Reach out to local disadvantaged businesses to locate and recruit qualified DBEs to participate in construction and post construction activities at JetBlue's facilities on the project
- Manage contract compliance for DBE participation by tracking subcontracting and prime contracting activities
- Monitor participation of minority and female workers on the project to ensure that participation goals are met
- Oversee the Diversity Tracking System to ensure accuracy and adequacy of entered data
- Monitor "Living Wage" compliance and all Project Labor Agreement (PLA) issues.
- Advise JetBlue project executives on DBE issues related to the project
- Address compliance deficiencies with project staff as well as with contractors, conduct regular project status meetings, review compliance plans.

10/2005 – 2/2006 M/W/DBE Project Director, Capital City Economic Development Authority Adriaens Landing Stadium and Convention Center Project

- Manage project close out for S/MBE participation and minority and female worker participation.
- Oversee data entry, report generation, analysis and trouble shooting for the project
- Monitor "Living Wage" compliance and all Project Labor Agreement (PLA) issues.

- Ensure the completeness of all project EEO files and availability of all required reports.

AMEC (Formerly Morse Diesel)

1997-2005 Program Manager, Affirmative Action/Equal Employment Opportunity and Minority Business Development & Corporate Administrator AA/EEO and MBD Program

- Implement and monitor MBE and equal employment programs to ensure contract and job opportunities.
- Nationwide liaison to AA/EEO coordinators, administrators and managersd.
- Develop affirmative action plans.
- Assist on governmental compliance audits.
- Organize targeted outreach forums to advise local M/WBEs of upcoming airport concession opportunities.

1991-1997 AA/EEO Project Administrator (various projects)

- Monitor contract compliance, workforce diversity, report preparation and government liaison
- Training staff nationwide on affirmative action/equal opportunity issues
- Design program curriculum, develop program modules and produce customized materials for diversity and harassment awareness programs
- Develop, edit and produce Minority Business Development Newsletter
- Produce company workshops and seminars on diversity and cultural sensitivity.

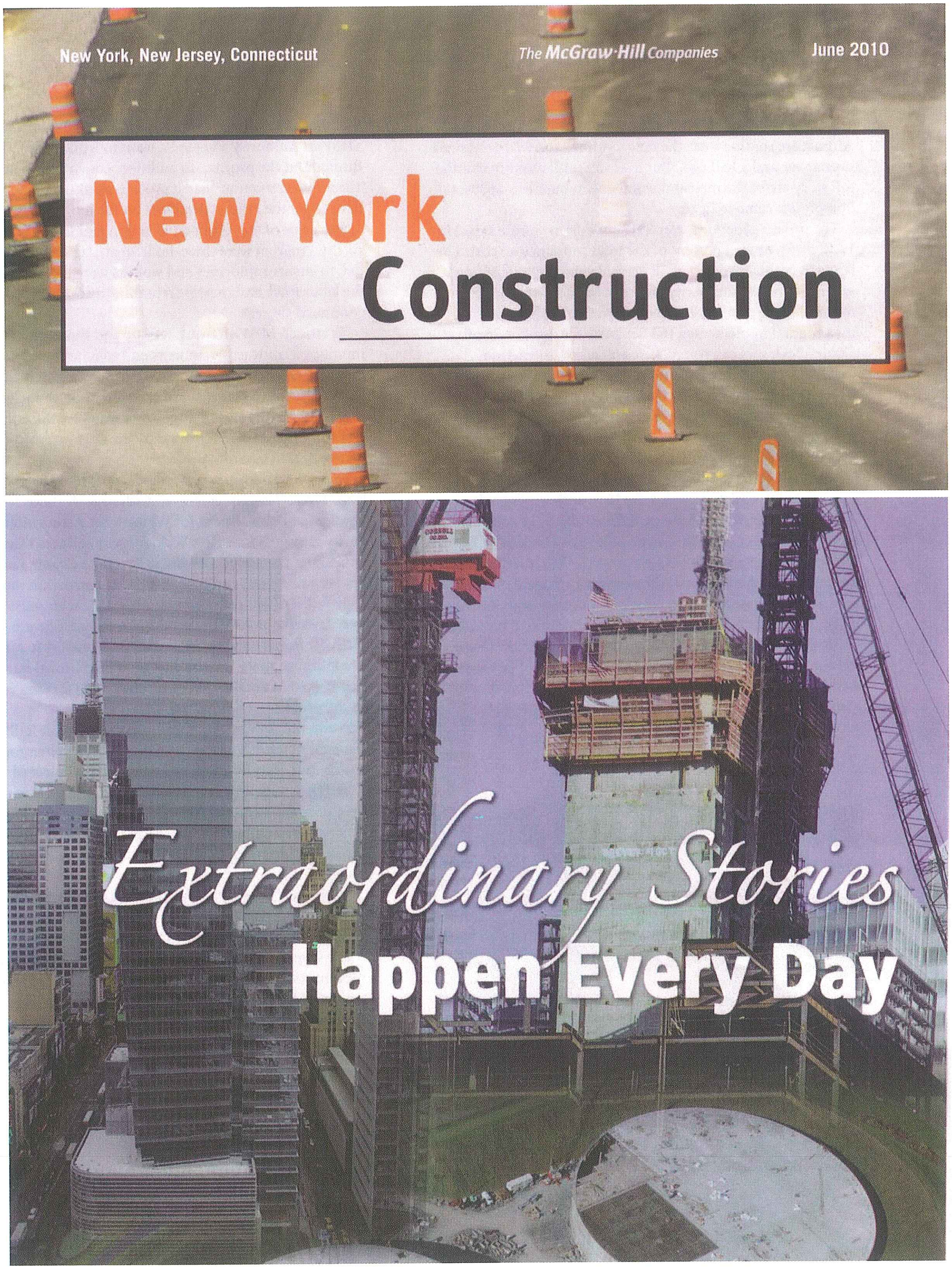
Education:

Medgar Evers College, Brooklyn New York City

Associates Degree

Cornell University, School of Industrial and Labor Relations

## Regional Alliance



# Regional Alliance

## JetBlue's Commitment to Affirmative Action and Labor Force Diversity Pays Off

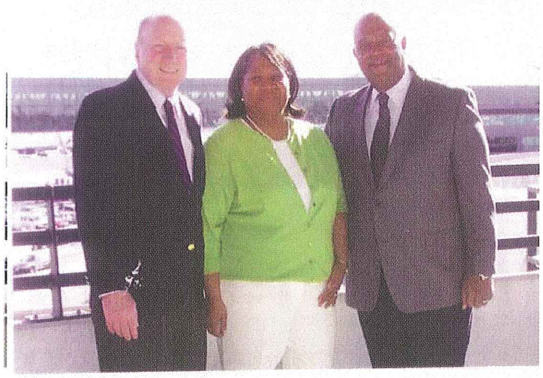
Daily flights from JetBlue's Terminal 5 at JFK International Airport are routine since the new terminal opened for business over a year and a half ago. But it wasn't until recently that the full story about the men and women who built this $500+ million project came to light.

The project generated over $115 million in contracts to M/WBE firms, or 20.3 percent of the total construction cost. The labor force was made up of 38 percent minority skilled workers and 46 percent minority laborers. In addition, 5 percent of the total workforce was made up of women. It's a result that the program implementer, the Regional Alliance for Small Contractors, says can be replicated all across the nation.

To comply with the Port Authority of New York and New Jersey's good faith Minority and Women Labor Force policy goals, JetBlue Airways engaged the Regional Alliance right from the get go to develop and implement a business and employment utilization program. The Regional Alliance submitted its final report to JetBlue in March of this year documenting the results, which exceeded the Port Authority's goals.

"On all our projects, there are different levels of commitment," says Lash Green, the Port Authority's Director of the Office of Business and Job Opportunities. "What JetBlue did by bringing in the Regional Alliance was an extra step. We've seen a lot of committed organizations, but they don't necessarily go out and hire a consultant to make it a reality," he adds.

"It was something we wanted to do ," says Richard Smyth, JetBlue's vice president for corporate real estate. "The results were good for JetBlue, and good for the project." Smyth notes that the Port Authority "didn't just give goals and walk away." The Port Authority assigned a team to work with JetBlue throughout the project. In addition, construction manager Turner Construction "had a proactive attitude," and worked hard to get the right contractors on the job, he says.



JetBlue's Richard Smyth (left), says one of the main reasons for the program's success was on-site, day-to-day management by Cassandra Hill (center). Earle Walker, The Regional Allance (right) agrees. Credit: Photo courtesy of Grant Aviation Consulting, Inc. © 2010

The goals of the Affirmative Action and Labor Force Diversity Program were three-fold: to attract M/WBE firms to bid, to ensure minorities and women were hired as part of the labor force and to help train minorities and women for continued success.

To attract M/WBE firms, JetBlue and the Regional Alliance monitored contract documents and solicitation of bid documents to ensure M/WBE goals were included, helped identify M/WBE firms to bid, ensured each bid package included M/WBE contractors and/or suppliers, reviewed utilization plans and coordinated plan approval by the Port Authority's Affirmative Action Coordinator.

To ensure minorities and women were hired as part of the labor force, the team partnered with organizations like Non-Traditional Employment for Women, the Association of Minority Enterprises of New York, Airport Services Development Office, and the Jamaica Business Resource Center, reviewed EEO requirements conducted at pre-construction meetings, reviewed certified payrolls for compliance with prevailing wage laws, required Monthly Employment Utilization Reports (MEUR) from contractors, developed a process to hire walk-in applicants, made on-site visits and held brown bag lunch meetings to maintain communication with females working on the project.

In addition to working closely on the job with JetBlue, the Regional Alliance has over 50 classes it offers emerging small M/WBES to gain business skills necessary to succeed.

"JetBlue really took it seriously," says Earle Walker, executive director of the Regional Alliance. "Everything was looked at; nothing was swept under the rug. It was because of the leadership of JetBlue and the Port Authority that we exceeded our goals."

Green says the program is called out as a Port Authority best practice, and he encourages other project team leaders to pursue the same strategy or to propose one better.

The Regional Alliance is so proud of its accomplishments at JetBlue that it has sent its final report on the program to President Obama to offer it as a strong public-private business model to create business and job opportunities in local communities.

# Spectrum Approach Model

***"A Concentric Approach to M/WBE & Community Participation Model"***

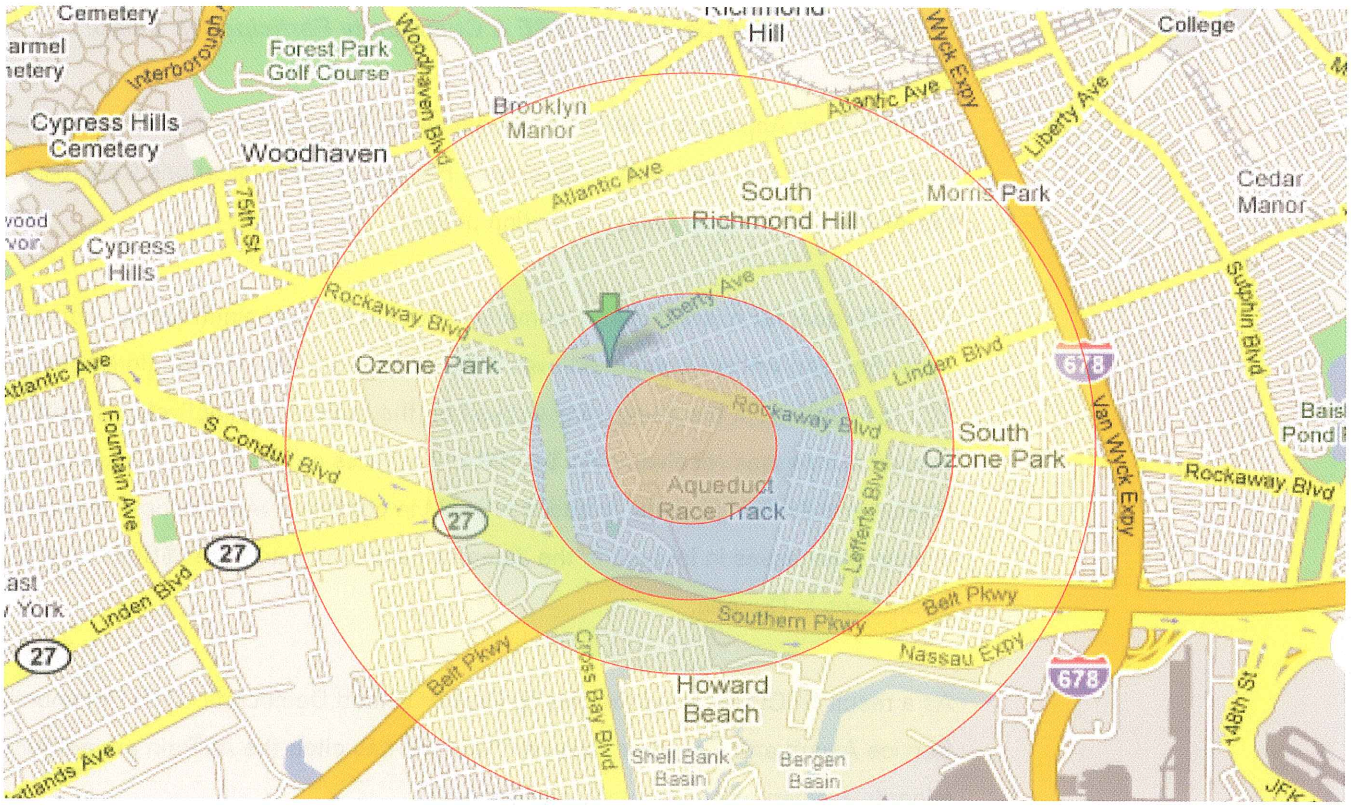
"A Concentric Approach to M/WBE & Community Participation Model" is the award winning model that was used by Spectrum Personal Communications Corp. (SPCC) on the AirTrain Terminal @ Jamaica Station project.

The 17% goal for minorities and women on the project was significantly exceeded and minorities and women comprised over 30% of the workforce. In addition, approximately 121 residents from the community worked on the project. Collectively, minority and women businesses received over $100M in contracts on the AirTrain Terminal @ Jamaica Station and AirRail projects. In addition $13M in contracts went to local, minority and women businesses in located in the Jamaica community, and over $80M went to businesses in Queens.

As a result SPCC received the Guy R. Brewer United Democratic Club Community Service Award and Governor David A. Paterson has cited the AirTrain project for it minority, women and community participation.

The Development Team intends to use the "Concentric Approach to M/WBE & Community Participation Model" on the Aqueduct Redevelopment Project.

## Spectrum Approach Model




The Concentric Approach Model will be used on the Development Team's Aqueduct project to incorporate M/WBEs and Local businesses; elected officials; community groups and residents; business leaders; owners; developers, etc. to ensure the entire community are stakeholders in Aqueduct's growth, development and sustenance.

The CADCP Model Tracks All Contracts, Jobs, and Opportunities by Zip Code.

SPECTRUM™
Personal Communications Corp.

# CORPORATE OVERVIEW

- ❑ COMPANY
- ❑ PRINCIPAL
- ❑ CLIENTS

SPCC • 40 Exchange Place • New York • New York 10005 • 212.344.3500 • 212.344.4243 Fax
www.spectrumpcc.com

## Spectrum

## Spectrum

### THE COMPANY

**Spectrum Personal Communications Corporation (SPCC)** was founded in December 1994 as a diversified business consulting firm. Over the years, the company has achieved and maintained high levels of success in the consulting industry. This achievement is attributed to our careful attention to detail, team work and by putting the needs of the customer first.

The company's Chief Executive Officer, Mark O' Luck, has over 20 years of experience managing his own businesses and as a consultant and adviser to major corporations and government agencies. The company prides itself on its highly trained and experienced professional staff, and maintains close associations with external professional resources.

**Spectrum** is a 100% minority-owned business enterprise, and is a New York State certified MBE. It is also certified with the City of New York, New York City School Construction Authority, Port Authority of New York & New Jersey, and the Metropolitan Transit Authority. Its corporate office is located in New York City in the Wall Street area.

### BUSINESS CONSULTING SERVICES

**Spectrum** provides business consulting services to major corporations and government agencies. Our wide array of business consulting services reflects years of experience in different environments on a variety of business and senior management projects. We provide advisory, development, implementation, and on-going support services.

Our business consulting services includes:

- Management Consulting
- Corporate Training
- Conference & Seminar Development
- Strategic Planning
- Project Studies/Needs Assessments
- Special Projects

### LOCAL, SMALL, DISADVANTAGED, MINORITY & WOMEN-OWNED BUSINESS CONSULTING SERVICES

Spectrum's local, small, disadvantaged, minority and women-owned (L/S/D/M/WBE) consulting services enable corporations and government agencies to develop and implement procurement-specific programs that are designed to achieve project-specific contracting goals and objectives. In addition, Spectrum provides monitoring, oversight and reporting of project-specific contracting goals and workforce utilizations associated with large development and construction projects.

# Spectrum

**GOVERNMENT RELATIONS**

At Spectrum, we view our interaction with developers, construction contractors, political and community leaders, government institutions, organizations, and community residents as participants in our efforts to find middle ground.

We assist our clients by working with government to develop meaningful solutions to a myriad of problems, needs and concerns that arise through economic development activities. As a result, our clients and governmental bodies are able to move projects along in a more efficient and cost-effective manner. In the end, clients and local residents become partners in the strengthening of communities. Our ability to enable affected and disaffected participants to agree and to share in developing solutions is what leads to success.

**MARKETING & PUBLIC RELATIONS**

Our staff can assist in the development of marketing communication tools useful in the dissemination of clients' messages to customers, potential customers, and communities.

Spectrum designs and develops marketing and communications mediums to help clients deliver their message; after all, it is the connection that matters.

# Spectrum

**COMPANY PRINCIPAL**

**Mark O' Luck, Chief Executive Officer**

Mark O'Luck founded Spectrum Personal Communications Corporation ("Spectrum") as a diversified business consulting firm in 1994. Prior to starting Spectrum, Mr. O'Luck was President and co-founder of SBMA, Inc., and a business and senior management consultant for major Fortune 500 companies, including ITT.

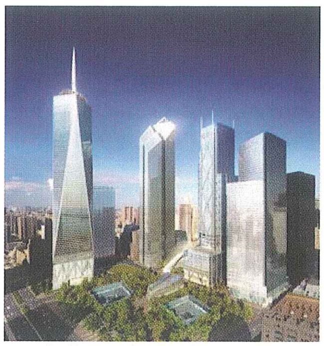
Mr. O'Luck served on the 2007 Spitzer Paterson M/WBE Transition Team Working Group, and was featured in the 2007 MTA Profiles of Successful Entrepreneurs publication. He is a recipient of numerous awards including: The 2006 MBE Award of Excellence from the XIII Annual Competitive Edge Conference. In 2004, Mr. O'Luck received the Brooklyn Economic Development Corp. Service Award and the Guy R. Brewer Community Service Award in 2003. The Brooklyn Chamber of Commerce presented Mr. O'Luck with its Robert F. Kennedy Memorial Award in 1991.

At the age of 37, Mr. O'Luck gave the commencement address and received an Honorary Doctor of Laws degree from St. Joseph's College. He previously served as an Adjunct Professor at New York University where he taught small business management courses. Mr. O'Luck is very active in community and civic affairs, including: Chairman Emeritus & Past Chairman of the Brooklyn Economic Development Corporation; Co-Founder, Minority & Women Business Advocacy PAC; and formerly Vice Chairman, Brooklyn Chamber of Commerce; Director, Brooklyn Bureau of Community Service; Regent, Long Island College Hospital; Bedford Stuyvesant Restoration Corp., and Governor, the Brooklyn Heights Association.

Mr. O'Luck is a graduate of Norfolk State University and has done graduate work at New York University and the University of Hartford. He has also received extensive consulting training at universities and corporate training facilities around the country.

## Spectrum

**OVERVIEW OF SPECTRUM'S RECENT PROJECTS**



**Port Authority of New York & New Jersey**

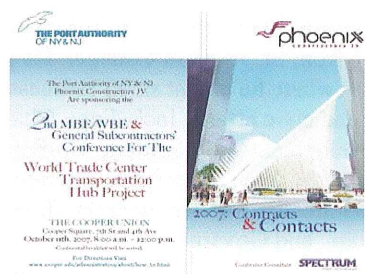
**Minority and Women Labor Workforce Consultant**

- Responsible for all monthly and quarterly workforce reporting on the Freedom Tower, WTC Memorial, and WTC Transportation Hub

**Phoenix Constructors JV**

**Conference Development and Outreach Consultant**

- Planned and executed two project specific M/WBE networking conferences for the consortium building of the $2 Billion WTC Transportation Hub project, that resulted in over 1,000 participants




**AirTrain Air Rail**

**NYC Project Approval Process, Community and Legislative Consultant**

- Served as Community ULURP consultant and M/WBE monitor ($1 Billion)

## OVERVIEW OF SPECTRUM'S RECENT PROJECTS (Cont'd)

**AirTrain Terminal @ Jamaica Station**
($350M)

**LMWBE Compliance and Community & Legislative Consultant**

- Through our monitoring efforts, L/M/WBEs obtained $57 million in contract awards or 19% of the subcontractor goal percentage

Received Community Service Award
-

**Whitestone Bridge**

**MWBE Consultant and Agency Liaison**

- Acted as the M/W/BE consultant for Perini OMG/JV on $260 million renovation

**Hudson River Park**

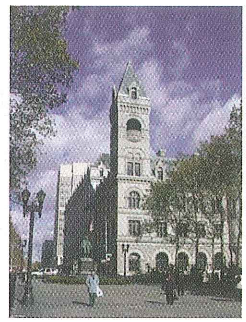
**MWBE Consultant and Agency Liaison**

- Served as the M/WBE consultant on $400 million park development project (Battery Park City to 59th Street)

**OVERVIEW OF SPECTRUM'S RECENT PROJECTS (Cont'd)**

**Brooklyn Federal Courthouse & Bankruptcy Court/Post Office**

- Served as URS Greiner's M/WBE consultant and community monitor on $450 million courthouse project



**New Jersey School Construction Corporation**

**SMWBE Contract Compliance Monitor and Agency & Community Liaison**

- Served as S/M/WBE monitor and community liaison for building of $2 billion in Newark Public Schools

**MTA- East Side Access, Harold Structures-Part 1**

**Independent Monitor/Inspector General**

- Serves as the MTA's Independent Monitor/Inspector General for the $139 million project.

## Spectrum

**OVERVIEW OF SPECTRUM'S RECENT PROJECTS (Cont'd)**

**NYS Thruway Authority-Tappan Zee Bridge Superstructure Repair Project**

**Independent Monitor**

- Serves as the NY Thruway Authority's Independent Monitor on this $137 million project

## Spectrum

**SELECT LIST OF CLIENTS**

**Major Corporations**

- 3 D/I
- AirRail Transit Consortium (Slattery/Skanska, Bombardier, Perini, STV & Joint Venture Partners)
- Hellmuth, Obata & Kassabaum, P.C.
- HSBC Bank
- HSBC Interactive Corporation
- Independence Community Bank
- J.A. Jones Construction Group Inc.
- KeySpan Energy Corporation
- Linpro/Tishman Foley Square Partners
- M.A. Angeliades, Inc.
- National Economic Research Association (NERA)
- Parsons Brickerhoff Quade & Douglas
- Perini Corporation
- Perini/Tutor-Saliba Joint Venture
- Pfizer Inc.
- Phoenix Constructors Joint Venture (Bovis Lend Lease, Slattery Skanska, Fluor Corp. & Granite Helmar)
- Schiavone Shea Skanska, JV
- Sprint PCS
- Skanska USA Building Inc.
- The A Consulting Team (TACT)
- The General Contractors Association of New York, Inc.
- The Port Authority of NY & NJ
- TransGas Energy Systems LLC
- Transportation Displays, Inc.
- Turner Construction Company
- URS Greiner Woodward Clyde, Inc
- Verizon
- Westerly Securities, Inc.

## Spectrum

**Government Agencies**

- Battery Park City Authority
- Dormitory Authority State of New York
- Hudson River Park Trust
- Metropolitan Transportation Authority
- New Jersey Transit
- New Jersey School Construction Corp.
- NYC Dept. of Business Services
- NYC Health & Hospital Corporation
- NYC Housing Authority
- New York City Department of Transportation
- NYC School Construction Authority
- NYC Transit Authority
- NYS Dept. of Economic Development
- NYS Department of Transportation
- NYS Urban Development Corp.
- NYS Department of Transportation
- The Port Authority of NY & NJ
- U.S. General Services Administration
- U.S. Small Business Administration

# Local M/WBE and Other Small Business Outreach Program

SL GREEN REALTY CORP.

Hard Rock

# Summary of MBE/WBE Utilization Plan
# For
# SL Green/Hard Rock

| *Pre-Award* | *Post Award* | *Pre-Construction* | *Construction* |
|---|---|---|---|
| Design comprehensive M/WBE plan | Update M/WBE listing and firms profile for the project. Work with Lottery Commission to set up an advisory board - If approved by NYS legislation. | Schedule M/WBE monthly program meeting. | Fully implement M/WBE program. |
| Identify M/WBE firms certified by NYS ESDC and other NYS agencies Categorize firms by service areas, trades and capacity and location. (See attachment A) | Work with project CM to create packages that will help maximize M/WBE participation. | Work with project team to implement support services to M/WBE firms on the project | Continue to monitor M/WBE contractor performance on the project and provide assistance when necessary. |
| Identify potential construction and business opportunities that will be generated by the project. | Complete design of M/WBE plan. Submit plan to NYS Lottery Commission. Set date for M/WBE outreach and kick off session. | Design monthly opportunity bulletin website and community opportunity bulletins. | Conduct monthly progress meetings. |
| Design outreach efforts to notify M/WBE firms and local community of business and job opportunities that will be available. | Draft M/WBE program operating procedure manual for the project. | Implement M/WBE and minority women work force participation data input and reporting process. *See sample from Capital City Economic Development Authority Waterfront Project attached* | Issue progress report to NYS Lottery Commission and Local Community liaisons. |
| Design M/WBE program monitoring and procedures and guidelines to ensure contractors achieve the participation goals set for the project. | | Finalize and issue the M/WBE program operating manual for the project. | Issue monthly progress report to identify problem issues and implement resolutions. |
| | | Review M/WBE performance with CM. | Conduct on-site field visits to observe and evaluate M/WBE performance. |

## OUTREACH PROGRAM

The Development Team plans to hold outreach events to inform the surrounding community leaders, businesses and residents of the contracting and job opportunities that will be available. The kick-off outreach event would be held within a month of being notified as the successful proposer and given a notice to proceed. The kick-off program would enable us to communicate our commitment to maximizing participation of local, small, minority and women-owned businesses and residents on the project both during construction and operational phases of the project.

The kick-off outreach event, as well as subsequent outreach and networking events, will provide an opportunity for local, small, minority and women-owned businesses to register with the Development Team's Construction Management Partner, Tishman Construction, which will aid in the identification of qualified, capable and reliable firms that can offer the quality and scope of goods and services that will be required. Also, local residents will be informed of potential job and business opportunities, as well as business and employment training that will be funded by the Development Team.

Subsequent events will be held during the various construction phases to keep the community leaders, businesses, and residents fully informed of the project's progress and upcoming opportunities. Also, we will be offering certification assistance to those M/WBE firms that are not currently certified by NYS Empire State Development (ESD) or other New York M/WBE certification agencies in order to aid in the maximum utilization of ready, willing and able firms.
A project web site will be developed specifically to provide up-to-date information regarding upcoming contracting and job opportunities, as well as statistics on local, small, minority and women participation achievements.

## TECHNICAL ASSISTANCE PROGRAM

To help level the playing field for small, minority and women-owned business owners to effectively compete and operate their firms, the Regional Alliance's technical assistance and capacity building programs have proven to be very successful. Through partnering with the Regional Alliance for Small Contractors, we plan to provide capacity building support in the form of training, with particular emphasis on construction related courses such as blueprint reading and construction drawings, construction cost estimating, construction contract law, introduction to Green Building. Blueprint reading and estimating have been areas of continuous interest by M/WBE firms. Project owners and construction project managers have identified blueprint reading and estimating as areas that M/WBE firms need most to hone their skills and improve the quality of their bids. Also, to assist local small, minority and women businesses we will be offering the mandated OSHA 10-Hour Programs to help owners ensure that their staffs are aware of construction site safety issues and to aid them in acquiring the course completion cards needed by workers to be on project sites.

The Regional Alliance plans to conduct its highly successful Construction Management Certificate Program for M/WBE and local small contractors. The objective of the program would be to present and discuss management of construction projects during their accomplishments in the field. Program would be held in conjunction with New York University, Pace University, and would be 22.5 hours in length. The Queens Economic Development Corporation has agreed to partner with some of the course offerings.

<u>OTHER COURSE DESCRIPTIONS</u>

Following is a description of the proposed workshops that may also be offered in addition to the Construction Management Certificate Program:

*Blueprint Reading and Construction Drawings* – Provides the skills of understanding and reading architectural, structural, mechanical and electrical construction drawings, and to coordinate the information represented by each type of drawing.

Construction Cost Estimating – Provides the resources necessary to learn how to estimate the construction cost of building projects, making use of modern technology

# Outreach Program

*Construction Cost Estimating* – Provides the resources necessary to learn how to estimate the construction cost of building projects, making use of modern technology and following the methods employed by successful general contractors.

*Construction Contract Law* – Provides overview of the fundamentals of a construction contract, contract disputes, late payment/collections, construction lien law, etc.

*Fundamentals of Sustainable Design – Green Building* – Provides an introduction to the field of Sustainable Design, Construction & Development, and what is required to become LEED (Light Energy Electrical Design) certified.
OSHA 10-Hour Program – Provides a variety of construction safety and health training issues to help ensure a safe working environment, and provide attendees with the mandatory completion card to work on project sites.

*Facilities Management* – A curriculum will be developed based on operational needs of the Racino facility.

## CARVE-OUTS

The Development Team will maximize the participation of M/WBE firms bidding as prime contractors by identifying contracts, where possible, that are within the qualified M/WBE firms financial and performance expertise. Potential areas would include:
Professional trades, such as architectural, engineering, surveying, safety, scheduling, expediting, lighting consultants, etc.
General conditions, such as office supplies, janitorial, messenger, exterminating, etc.
Supply items, such as hardware, toilet accessories, millwork, lockers, lighting fixtures, etc.
The Development Team will encourage prime contractors to maximize the participation of M/WBE on subcontracting opportunities.

# Outreach Program

## WORK FORCE INITIATIVE

In order to maximize the number of local minority and women residents on the project's work force, a project labor agreement approach would be utilized. The Development Team through its partner Tishman Construction may negotiate in good faith with organized labor to establish a project labor agreement to open an avenue for underutilized non-union M/WBEs to compete for work and retain their work force.

## COMMUNITY OUTREACH AND BUSINESS CENTER

The Regional Alliance will oversee a community outreach and business center in close proximity of the Aqueduct Project. This satellite location will provide a venue for contractor/supplier training, upcoming contracting opportunities, contact information for trades and laborer positions A small computer center will be available where local residents can apply for jobs related to the project when computerized applications is the method utilized. This center will be in operation not only during the construction phase, but continue through the operational phase. The center would provide a centralized depository for the collection of statistics and other information that needs to be disseminated to local officials regarding contract and job opportunities.

The center would continue to provide training during the operational phase targeting those types of firms that could provide services. For instance, since the VLT Facility operation is vastly different from cleaning an office building, training sessions may need to be given to familiarize them with the requirements of performing the contract before the RFP is distributed, e.g., do the cleaning personnel have to be bondable, etc.

## COMMUNITY NEWSLETTERS AND WEB SITE

In order to keep the community abreast of project progressions, a newsletter and website will be developed. The newsletter would be disseminated quarterly updating the community on the progress of the project, and provide a "look ahead" of upcoming contracting opportunities. A "subscriber" database would be developed which would include elected officials, applicable NYS Racing Association staff, community organizations and churches. The web site would provide information related to the Outreach and Business Center services, contracting opportunity look-aheads, newsletter archives, etc.

## HIGH SCHOOL AND COLLEGE INTERNSHIPS

The Regional Alliance will develop and implement a community-based multi-level internship program sponsored by SL Green/Hard Rock for High School and College Students which will provide young men and women of diverse cultural, ethnic and socio-economic backgrounds the opportunities for on-the-job training and career exploration. RASC will partner with the High School for Construction, Trades, Engineering and Architecture (CTEA) a one-of a kind specialty school located in Queens, New York that prepares students for college, technical school, and/or apprenticeships in the fields of the building trades, engineering and architecture by complementing their educational programs with:

- Job opportunities for students interested in the fields of the building trades, engineering and architecture.
- Schedule field visits for the students to the construction site.
- Career Day – Project professionals will provide educational and career path information to students.
- Construction, Engineering, Architectural Workshop – Project professionals will lead students in discussion of how each discipline is utilized on a project like the Aqueduct Racino Project.

# Outreach Program

## EXPLORER PROGRAM

A post construction internship program will be implemented which will allow students to explore potential careers within the various disciplines below. The internships could coincide with the participants' summer vacations, holidays, weekends or after school hours.

- Hospitality Internships - Students interested in the hospitality industry can work side by side with industry professionals to gain "on-the-job" experience.
- Retail Internships – Introduce students to job opportunities in this industry that range from sales, loss prevention, cashiers, and management.
- Food Service Internships - Students can be offered the opportunity to work with food service professionals in the preparation and serving of food and beverages.

## COLLEGE SCHOLARSHIPS

A scholarship fund would be established to provide scholarships to high school students bound to college who have identified educational areas that are career paths associated with vocations in operating the VLT Facility. High schools in the surrounding areas of the Aqueduct Facility would receive applications that would be completed by students competing for the scholarships. The fund would be replenished annually. The number of students that would receive scholarships would be approximately five.

# Community Development Fund

SL GREEN REALTY CORP.

Hard Rock

## Community Development Fund

SL Green Realty Corp. is a fully integrated and self-managed REIT. In addition to being the largest owner of commercial properties in New York, owning over 27.8 million square feet, SL Green has also maintained a very successful lending platform. Since 1998, SL Green has made over $2.2 billion of structured finance investments (approximately 80 positions) with excellent recovery rates, even on distressed debt investments. Year-end 2010, SL Green had over $600 million of structured finance investments outstanding (over 30 positions).

SL Green views providing financial support to local Queens' area minority businesses through various loan programs as a direct extension of SL Green's already existing and successful structured finance platform.

The Development Team plans to implement a $1.0 million revolving loan fund in order to provide working capital advances to eligible M/WBE firms involved in the project. This funding may be increased at a later date if necessary in order to maximize the number of M/WBE firms in the operational component of the VLT facility. In addition, local small, minority and women firms would be offered technical assistance to help prepare applications for credit through the Regional Alliance for Small Contractors.

Also, periodic financial and bonding workshops will be offered to assist local, small, minority and women business firms to access finances and bonds so that they are financially viable to work not only on the Aqueduct Project, but also on other projects to help their businesses grow.

# Other Initiatives

## OTHER PROPOSED COMMUNITY ENRICHMENT INITIATIVE

Outlined below are several proposed initiatives that the Development Team plans to present and discuss with Community Board 10 (CB 10) and other community organizations:

*Economic Development Fund – Streetscape and Storefront Improvements.* Set up a memorandum of understanding among local council members, state representatives and CB 10 to establish rules and administer an approximate $200,000 fund. This could be small matching grants for new canopies, storefronts, replacement of roll-up gates, plant trees, installation of bike racks, street furniture, etc.

*Economic Development Fund – Establish and Support Local Development Corporations (LCDs).* Provide an approximate $100,000 fund as seed money to set up LCDS (if necessary) and obtain decorative banners and/or holiday decorations within one (1) mile of Aqueduct.

*Greenstreet Impressed Fund* – Dedicate an approximate $100,000 fund to NYC Department of Parks and Recreation to establish and maintain greenstreets and street malls near Aqueduct.

*Transportation Impressed Fund* – Dedicate an approximate $100,000 fund to NYC Department of Transportation to study and design street and roadway improvement to beautify and reduce congestion. Operational funding can come from available funds in the Airport Lease Renegotiations.

These concepts under our Community Enrichment Program are intended to improve the aesthetics of the areas surrounding Aqueduct.

# Minority Investment Opportunity

# Minority Investment Opportunity

The Development Team believes that not only is construction and operation jobs to local M/WBEs a vital component to this project, but equally important is the opportunity for minority participation in the investment of this project. Many of the patrons who will be visiting the Aqueduct VLT Facility and putting their own money into the machines will be minority Americans. As such, the Development Team wants to make sure that there will be jobs for their families and supplier opportunities for minority vendors as well as the opportunity for minority ownership. The Development Team has decided to set aside a portion (10%) of the capital structure for minority investors, inclusive of those members who may currently be included in other bidders.

The involvement with MWBE's on the construction and operations side is what the Development Team does on a daily basis. The desire to involve local minority investment into the capital structure is something that the entire Development Team supports whole-heartedly.

# Community Initiatives Timeline

## Community Initiatives Outline

### 2008

- 1st Annual Queens Community Enrichment Program
- 106th Precinct's Annual Night Out Against Crime (2008)
- Michelle Titus' Annual South Ozone Street Fair
- AMENY Awards Dinner
- Fundraiser for Senator Dean Skelos

### 2009

- 2nd Annual Queens Community Enrichment Program
- Howard Beach Relay for Life 24-hour walkathon
- 106th Precinct's Annual Night Out Against Crime (2009)
- Presentation to Community Board 10
- Job Fair Sponsored by Senator Joe Addabbo
- Michelle Titus' Annual South Ozone Street Fair
- Queens Chamber of Commerce 98th Anniversary Reception
- NYSAMC Annual Awards Dinner
- GWDC's Annual Woodhaven Street Fair

# Endorsements/Support Letters

September 18, 2009

The Honorable David A. Paterson
New York State Governor
Executive Chamber
Albany, NY 12224

Dear Governor Paterson:

We, the undersigned minority and women-owned business in Queens, have been apprised of the proposal submitted by SL Green Realty Corp. and Hard Rock International for the Aqueduct facility. The SL Green/Hard Rock team as the developer and operator, along with the Tishman Construction Corporation and the Regional Alliance for the construction phase of the project, give us great confidence for an exceptional outcome and we enthusiastically support this team.

Based on the extensive development expertise of SL Green in New York and the over one hundred years experience of Tishman Construction, we believe that the SL Green/Hard Rock team will provide more opportunities for minority and women-owned businesses in Ozone Park and the surrounding Queens community.

We greatly appreciate SL Green and Hard Rock's strong commitment to the significant inclusion of local, minority and women-owned businesses in the redevelopment of Aqueduct as evidenced by its selection of the Regional Alliance to design and execute its M/WBE and community enrichment program. Further, we look forward to working with the SL Green, Hard Rock and Tishman Construction team in the realization of construction and supplier opportunities for local, minority and women-owned businesses.

Again, we enthusiastically support SL Green/Hard Rock as the developer for the Aqueduct project.

Sincerely,

*(Signatures on Following Page)*

## Endorsements-Support Letter

Business Owner: Bernadette Jeronimo
JCF Electric, Inc.
Address: 60-49 Fresh Pond Road
Maspeth, NY 11378

Business Owner: Jack Cherry
Cherry Office Products
Address: 135-20 Liberty Avenue
Richmond Hill, NY 11419

Business Owner: Herbert A. Carlo
USA Painting Inc.
Address: 124-16 26th Avenue
Flushing, NY 11354

Partner

Business Owner: Juana Gauthier
Innovative Building Solutions LLC
Address: 37-43 Crescent St., 2nd floor
Long Island City, NY 11101

Business Owner: Hanson James
Creative Construction Services Corp.
Address: 118-58 229th Street
Cambria Heights, NY 11411

Business Owner: Steven Dennison
Dennison Electric Corp.
Address: 123-09 Merrick Blvd.
Jamaica, NY 11434

Business Owner: Karen Grando
International Asbestos Removal Inc.
Address: 68-08 Woodside Avenue
Woodside, NY 11377

Business Owner: Linda Gisonda
Tec-Crete Transit Mix Corporation
Address: 180-25 Liberty Ave.
Jamaica, NY 11433

Business Owner: Thomas Chen
Crystal Window and Door Systems
Address: 31-10 Whitestone Expressway
Flushing, NY 11354

*New York State Chapter of the National Association of Minority Contractors, Inc.*
Brooklyn Navy Yard, 63 Flushing Ave., Unit #310, Suite 419 Brooklyn, NY 11205
Tel: (718) 246-8380 • Fax: (718) 246-8376 E-Mail info@nysamc.com



September 21, 2009

Hon. David A. Paterson
Governor
State of New York
State Capitol
Albany, NY 12224

Dear Governor Paterson:

This letter confirms that the New York State Association of Minority Contractors (NYSAMC) has carefully reviewed the development plan submitted by SL Green Realty Corp. and its partner Hard Rock International, for the redevelopment of the Aqueduct VLT facility and civic components included in your proposal.

SL Green Realty is a New York based corporation that continues to invest in the future of New York. We greatly appreciate SL Green's strong commitment to the significant inclusion of local, minority and women-owned businesses in the redevelopment. Further, we look forward to working with your team in the realization of construction and supplier opportunities for our members.

Therefore, on behalf of our organization and our Queens-based members, we wholeheartedly lend our support of SL Green Realty/Hard Rock as the developer for the Aqueduct Raceway Project.

Very truly yours,

Lennox O. Britton
Managing Director

# Endorsements-Support Letter

Circle of Sisters and Brothers MOVE, Inc.

135-20 Ste. 2, Jamaica NY 11419
Phone: 718-291-4867
Fax: 718-291-1887



September 24, 2009

The Honorable David A. Paterson
Governor of the State of New York
Executive Chamber
Albany, NY 12224

Dear Governor Paterson:

I am writing to express my organization's full support of SL Green Realty/Hard Rock International to be the redeveloper of Aqueduct Raceway.

COSAB MOVES (Circle of Sisters and Brothers), is a 501c3 that provides Life Skills and Entrepreneur Training and its base operations are located in the Aqueduct community in Queens. COSAB has been praised by the New York City Council, the New York State Assembly, and the United States Congress for representing the interests of the local community and small businesses in the area.

Based upon our careful review of their proposal and numerous conversations with SL Green/Hard Rock, we believe this team is committed to providing employment and business opportunities for residents and small business owners of the community. Moreover, SL Green/Hard Rock's proposal is more clearly aligned with the long-held aspirations of our community.

Lastly, we believe the community's interests will be best served by having a New York developer and a New York team to develop Aqueduct.

Sincerely,

Adrienne Hayes
Chief Executive Officer/Founder

# OPM / CCEDA

## Project Award and Paid Summary   Award as of : 6/21/2010

| Project Name | Project Award | Project Paid | SBE Award | SBE Paid | MBE Award | MBE Paid | 8A - CT Award | 8A - CT Paid |
|---|---|---|---|---|---|---|---|---|
| Convention Center | 189,678,552 | 183,564,066 | 65,309,738 | 61,515,745 | 50,857,068 | 47,867,585 | 10,620,716 | 10,224,079 |
| | | | 34.43% | 33.51% | 26.81% | 26.08% | 5.60% | 5.57% |
| Rentschler Field | 64,472,286 | 64,524,374 | 22,474,257 | 22,348,090 | 12,227,647 | 12,101,480 | 0 | 0 |
| | | | 34.86% | 34.64% | 18.97% | 18.75% | 0.00% | 0.00% |
| Demo/Utility Reloc. | 18,614,953 | 18,614,953 | 6,404,533 | 6,404,533 | 6,321,145 | 6,321,145 | 918,766 | 918,766 |
| | | | 34.41% | 34.41% | 33.96% | 33.96% | 4.94% | 4.94% |
| AL A/E- Consultants | 47,520,713 | 41,638,315 | 13,730,292 | 7,359,757 | 7,091,188 | 3,410,142 | 0 | 0 |
| | | | 28.89% | 17.68% | 14.92% | 8.19% | 0.00% | 0.00% |
| RF A/E Consultants | 10,245,093 | 10,244,488 | 2,160,952 | 2,520,592 | 1,038,173 | 1,397,813 | 0 | 0 |
| | | | 21.09% | 24.60% | 10.13% | 13.64% | 0.00% | 0.00% |
| General Conditions | 735,645 | 172,265 | 177,815 | 172,265 | 130,788 | 130,788 | 0 | 0 |
| | | | 24.17% | 100.00% | 17.78% | 75.92% | 0.00% | 0.00% |
| Front Street | 1,007,728 | 1,007,728 | 1,007,728 | 1,007,728 | 1,007,728 | 1,007,728 | 818,076 | 818,076 |
| | | | 100.00% | 100.00% | 100.00% | 100.00% | 81.18% | 81.18% |
| Hotel Marriott | 44,738,331 | 37,903,077 | 10,152,949 | 8,168,943 | 7,067,631 | 6,489,060 | 795,580 | 711,584 |
| | | | 22.69% | 21.55% | 15.80% | 17.12% | 1.78% | 1.88% |
| Site Improvements | 4,155,976 | 294,661 | 180,000 | 91,520 | 180,000 | 91,520 | 0 | 0 |
| | | | 4.33% | 31.06% | 4.33% | 31.06% | 0.00% | 0.00% |
| Garage "B" | 12,481,400 | 12,481,400 | 3,212,846 | 2,595,022 | 2,876,721 | 2,266,463 | 0 | 0 |
| | | | 25.74% | 20.79% | 23.05% | 18.16% | 0.00% | 0.00% |

# Project Award and Paid Summary Award as of : 6/21/2010

| Project Name | Project Award | Project Paid | SBE Award | SBE Paid | MBE Award | MBE Paid | 8A - CT Award | 8A - CT Paid |
|---|---|---|---|---|---|---|---|---|
| **Total :** | 393,650,677 | 370,445,327 | 124,811,110 | 112,184,195 | 88,798,089 | 81,083,724 | 13,153,138 | 12,672,505 |
| | | | 31.71% | 30.28% | 22.56% | 21.89% | 3.34% | 3.42% |

# Contract Award and Paid Summary

**Award as of : 6/21/2010**

| Project Name/CM | Contract Num/Name | Vendor Name | Specialties | Contract Plan | Contract Award | Contract Paid | SBE Award | SBE Paid | MBE Award | MBE Paid | 8A - CT Award | 8A - CT Paid |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Perini** | | | | | | | | | | | | |
| Hotel Marriott | | | | | | | | | | | | |
| BP 99B | | | | | | | | | | | | |
| Final Construction Cleaning | | | | | | | | | | | | |
| Total for : Final Construction Cleaning | | | | 78,521 | 78,521 | 0 | | | | | 0 | 0 |
| Tota Percentage For : Final Construction Cleaning | | | | | | | | | | | 0.00% | 0.00% |
| Total for : Hotel Marriott | | | | 41,687,578 | 44,738,331 | 37,903,077 | 10,152,949 | 8,168,943 | 7,067,631 | 6,489,060 | 795,580 | 711,584 |
| Tota Percentage For : Hotel Marriott | | | | | | | 22.69% | 21.55% | 15.80% | 17.12% | 1.78% | 1.88% |
| Site Improvements | | | | | | | | | | | | |
| BP 02A | | | | | | | | | | | | |
| Earthwork | | | | | | | | | | | | |
| Total for : Earthwork | | | | 3,440,200 | 3,440,200 | 91,520 | 0 | 91,520 | 0 | 91,520 | 0 | 0 |
| Tota Percentage For : Earthwork | | | | | | | 0.00% | 100.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| BP 16A | | | | | | | | | | | | |
| Electrical | | | | | | | | | | | | |
| Total for : Electrical | | | | 686,000 | 715,776 | 203,141 | 180,000 | 0 | 180,000 | 0 | 0 | 0 |
| Tota Percentage For : Electrical | | | | | | | 25.15% | 0.00% | 25.15% | 0.00% | 0.00% | 0.00% |
| Total for : Site Improvements | | | | 4,126,200 | 4,155,976 | 294,661 | 180,000 | 91,520 | 180,000 | 91,520 | 0 | 0 |
| Tota Percentage For : Site Improvements | | | | | | | 4.33% | 31.06% | 4.33% | 31.06% | 0.00% | 0.00% |
| Garage "B" | | | | | | | | | | | | |
| BP 1 | | | | | | | | | | | | |

# Contract Award and Paid Summary

**Award as of : 6/21/2010**

| Project Name/CM | Contract Num/Name | Vendor Name | Specialties | Contract Plan | Contract Award | Contract Paid | SBE Award | SBE Paid | MBE Award | MBE Paid | 8A - CT Award | 8A - CT Paid |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Perini | | | | | | | | | | | | |
| Garage "B" | | | | | | | | | | | | |
| BP 1 | | | | | | | | | | | | |
| Garage | | | | | | | | | | | | |
| Total for : Garage | | | | 0 | 12,481,400 | 12,481,400 | 3,212,846 | 2,595,022 | 2,876,721 | 2,266,463 | 0 | 0 |
| Tota Percentage For : Garage | | | | | | | 25.74% | 20.79% | 23.05% | 18.16% | 0.00% | 0.00% |
| Total for : Garage "B" | | | | 0 | 12,481,400 | 12,481,400 | 3,212,846 | 2,595,022 | 2,876,721 | 2,266,463 | 0 | 0 |
| Tota Percentage For : Garage "B" | | | | | | | 25.74% | 20.79% | 23.05% | 18.16% | 0.00% | 0.00% |
| Total for : Perini | | | | 46,234,430 | 62,383,435 | 51,686,866 | 14,553,523 | 11,863,213 | 11,132,080 | 9,854,771 | 1,613,656 | 1,529,660 |
| Tota Percentage For : Perini | | | | | | | 23.33% | 22.95% | 17.84% | 19.07% | 2.59% | 2.96% |

# Contract Award and Paid Summary

Award as of : 6/21/2010

| Project Name/CM | Contract Num/Name | Vendor Name | Specialties | Contract Plan | Contract Award | Contract Paid | SBE Award | SBE Paid | MBE Award | MBE Paid | 8A - CT Award | 8A - CT Paid |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total :** | | | | 272,117,672 | 393,650,677 | 370,445,327 | 124,811,110 | 112,184,195 | 88,798,089 | 81,083,724 | 13,153,138 | 12,672,505 |
| | | | | | | | 31.71% | 30.28% | 22.56% | 21.89% | 3.34% | 3.42% |

OPM / CCEDA

# Award by Minority Group

| Minority Group | Vendor Name | Award |
|---|---|---|
| **American Indian/Native** | | |
| | Grey Wolf Construction, LLC | 300,000.00 |
| | Mohegan Painting Company, LLC. | 1,057,506.00 |
| | **Subtotal Award for : American Indian/** | **1,357,506.00** |
| **Asian American** | | |
| | Diversified Technologies Consultants | 284,360.00 |
| | GM2 Associates, Inc. | 182,000.00 |
| | Horizon Services Corporation | 199.00 |
| | Patel Engineering Associates, LLC | 61,500.00 |
| | Spiegel Zamecnik & Shah, Inc. | 574,988.00 |
| | United International Corporation | 5,869,739.00 |
| | Urban Contractors, LLC. | 1,140,506.00 |
| | **Subtotal Award for : Asian American** | **8,113,292.00** |
| **Black** | | |
| | ATR Electric Co. | 370,100.00 |
| | Better Skills, LLC | 200,000.00 |
| | Brayman Hollow & Rollo Masonry, LLC | 2,626,585.00 |
| | Brayman Hollow Masonry, Inc. | 376,633.00 |
| | C. F. Reid Construction | 211,714.00 |
| | C.A. Howard & Associates | 9,718.00 |
| | CIDC | 0.00 |
| | City Electrical Enterprises, L.L.C. | 1,817,926.00 |
| | Contemporary Interiors, Inc. | 907,379.00 |
| | CT Paving, LLC | 606,420.00 |
| | Dynamic Electrical Contractors | 378,379.00 |
| | Earth Design Associates, Inc. | 120,350.00 |
| | F.M.B. Mechanical | 4,261,443.00 |
| | Hartford Community Construction Company | 4,767,294.00 |
| | Hartford Steel Erectors, Inc. | |
| | Inga Consulting Engineers | 5,974.00 |
| | JFC Steel Construction LLC | 3,923,800.00 |
| | Kerr Electric, Inc. | 5,632,705.00 |
| | Long and Grier Trucking Ltd. | 89,635.00 |
| | Michael Davis Trucking | 11,019.00 |
| | NESS - New England Solution Systems | 1,689.00 |
| | New England Solution Systems | 88,394.00 |
| | Northeast Minority News, Inc. | 1,710.00 |
| | Penney's Construction | 11,742.00 |
| | Pertel Communications of N.E., Inc. | 475.00 |
| | R.K. Insulation Contractors, Inc. | 1,680,712.00 |

OPM / CCEDA

# Award by Minority Group

| Minority Group | Vendor Name | | Award |
|---|---|---|---|
| **Black** | | | |
| | RadCliffe Trucking | | 2,200.00 |
| | RDR Corporation | | 134,210.00 |
| | Rollo Construction, LLC. | | 758,623.00 |
| | Standard Metal Services | | 74,452.00 |
| | **Subtotal Award for :** | **Black** | **29,071,281.00** |
| **Disabled** | | | |
| | Bayside Steel Erectors, Inc. | | 1,634,137.00 |
| | CS Service and Supply, Inc. | | 1,065,508.00 |
| | IT Direct LLC | | 8,873.00 |
| | J. DeVoe Trucking | | 64,241.00 |
| | **Subtotal Award for :** | **Disabled** | **2,772,759.00** |
| **Hispanic** | | | |
| | Abreu Enterprises | | 1,607,666.00 |
| | BAPCO, LLC | | 273,439.00 |
| | Building Systems Contractor, LLC | | 587,076.00 |
| | Dresca Construction, Inc. | | 1,319,169.00 |
| | Enviromental Partners, LLC | | 450,000.00 |
| | Jo-Cal Construction Co., Inc. | | 2,197,780.00 |
| | L & P Gates Co. Inc | | 1,758,653.00 |
| | Nino's Floor Covering, LLC | | 130,500.00 |
| | Proconci Services, LLC | | 1,245,007.00 |
| | SOS Construction | | 189,652.00 |
| | Torres Engineering, Inc. | | 103,840.00 |
| | **Subtotal Award for :** | **Hispanic** | **9,862,782.00** |
| **Iberian Pennisula** | | | |
| | Olympio Pina, Inc. | | 45,500.00 |
| | **Subtotal Award for :** | **Iberian Pennisula** | **45,500.00** |
| **MBE Status Unknow** | | | |
| | Atlantic Floor | | 325,000.00 |
| | **Subtotal Award for :** | **MBE Status Unkn** | **325,000.00** |
| **Native American** | | | |
| | Native Sons, LTD | | 1,300,596.00 |
| | **Subtotal Award for :** | **Native American** | **1,300,596.00** |
| **Women** | | | |
| | A. Laugeni & Sons Inc. | | 3,762,616.00 |
| | Ametrol LLC | | 52,346.00 |

# Award by Minority Group

| Minority Group | Vendor Name | Award |
|---|---|---|
| **Women** | | |
| | Archaeological and Historical Services, Inc. | 381,582.00 |
| | Architectural Products Inc. | 117,564.00 |
| | Aztec Technologies, LLC | 307.00 |
| | Baldwin/Alverio Media Marketing, LLC | 31,404.00 |
| | Brand Fire Safety Services Inc | 353,209.00 |
| | C & A Distributors Inc. | 159,663.00 |
| | Capasso Restoration, Inc | 21,994.00 |
| | City Oil Company, Inc. | |
| | Conquip Systems, LLC | 979,947.00 |
| | Corey Construction Services LLC | 503,752.00 |
| | Cotton Hill Farm, Inc. | 78,459.00 |
| | Crown Steel Construction, Inc. | 34,340.00 |
| | Dynamic Metals International, LLC | 3,242,843.00 |
| | Field Safety Corporation | 212,996.00 |
| | Fitzgerald & Halliday, Inc. | 802.00 |
| | FX Design, Inc. | 347,000.00 |
| | Garf Trucking, Inc. | 190,424.00 |
| | Hartford Plumbing Supply, Inc. | 698,865.00 |
| | Junie P. Trucking | 5,638.00 |
| | K & W Construction, L.L.C. | |
| | Kricket Mechanical, Inc. | 575,130.00 |
| | L.K. Sheet Metal, Inc. | 9,163,702.00 |
| | Liberty Landscapes, LLC | 289,747.00 |
| | Linda Fredrickson dba Linda Fredrickson D | 870.00 |
| | MacKenzie Painting Company, Inc. | 451,202.00 |
| | Managed Construction Resources , LLC | 107,660.00 |
| | Net Services, LLC | 460,000.00 |
| | New England Silt Fence Co., Inc. | 25,383.00 |
| | Park Hardware Co., Inc. | 82,818.00 |
| | Pita Communications, LLC. | 662.00 |
| | RDP Agency, LLP | 6,912.00 |
| | RED Technologies, LLC | 1,971,515.00 |
| | RMK Enterprises, Inc. | 632,325.00 |
| | Ryan Business Systems | 18,623.00 |
| | Santoro, Inc. | 74,252.00 |
| | Sharon M. Riley dba SMR-Metal Technolog | |
| | Shetucket Industrial Supply, Inc. | 1,021,094.00 |
| | Sign Lite, Inc. | 113,902.00 |
| | Sil/Carr Corporation | 438,100.00 |
| | Suntech Of Connecticut, Inc. | 1,625,511.00 |
| | Superior Interiors, Inc. | 1,082,681.00 |

OPM / CCEDA

# Award by Minority Group

| Minority Group | Vendor Name | Award |
|---|---|---|
| **Women** | | |
| | Temporaries of New England, Inc. | 81,975.00 |
| | Thames River Greenery | 110.00 |
| | The Bill Fisher Enterprises Inc. | 465,922.00 |
| | The Hartford Lumber Co. | 64,941.00 |
| | The J. Biron Agency | 30,093.00 |
| | V.I.P. Supply, Inc. | 653,446.00 |
| | Warning Lights & Scaffolding Service, Inc. | 68,266.00 |
| | WBE Construction Supplies, LLC. | 899,631.00 |
| | Wesconn Co., Inc. | 465,121.00 |
| | Whitehawk Construction Services, LLC. | 354,511.00 |
| | Womco Insulation, Inc. | 1,788,179.00 |
| | **Subtotal Award for : Women** | **34,190,035.00** |

| | |
|---|---|
| **Total Award for All Ethnicity's :** | **87,038,751.00** |

OPM / CCEDA

# Employee Work Hours By Project - Contractor

| Project / Vendor/ Cont# / Trade/ City | | Black | | Hispanic | | Asian | | Native | | Caucasian | | Subtotal | | Total Hours |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Employee | Classification | F | M | F | M | F | M | F | M | F | M | F | M | ( F + M ) |
| **Rentschler Field** | | | | | | | | | | | | | | |
| **Womco Insulation, Inc.** | | | | | | | | | | | | | | |
| **BP 15A** | | | | | | | | | | | | | | |
| **Insulation Mechanic ( Waterproofer)** | | | | | | | | | | | | | | |
| Total for Trade: | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4,500.0 | 0.0 | 4,500.0 | 4,500.0 |
| Percentage for Hours: | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | 100.00% | 100.00% |
| Total Employee Count: | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 13 | 13 |
| **Sheet Metal Worker** | | | | | | | | | | | | | | |
| **Columbia** | | | | | | | | | | | | | | |
| Richard Kearns | Journey worker | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 0 | 39 | 39 |
| Total for Trade: | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 39.0 | 0.0 | 39.0 | 39.0 |
| Percentage for Hours: | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | 100.00% | 100.00% |
| Total Employee Count: | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 |
| Total for Contract Number: | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4,628.0 | 0.0 | 4,628.0 | 4,628.0 |
| Percentage for Hours: | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | 100.00% | 100.00% |
| Total Employee Count: | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 0 | 16 | 16 |
| Total for Vendor: | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4,628.0 | 0.0 | 4,628.0 | 4,628.0 |
| Percentage for Hours: | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% | 0.00% | 100.00% | 100.00% |
| Total Employee Count: | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 0 | 16 | 16 |
| Total for Project: Rentschler Field | | 494.0 | 76,667.8 | 0.0 | 35,360.5 | 0.0 | 131.0 | 0.0 | 6,103.0 | 10,393.0 | 437,965.2 | 10,887.0 | 556,456.0 | 567,343.0 |
| Percentage for Hours: | | 0.09% | 13.51% | 0.00% | 6.23% | 0.00% | 0.02% | 0.00% | 1.08% | 1.83% | 77.20% | 1.92% | 98.08% | 100.00% |
| Total Employee Count: | 2551 | 6 | 250 | 0 | 220 | 0 | 7 | 0 | 27 | 45 | 1,990 | 51 | 2,500 | 2,551 |

OPM / CCEDA

# Employee Work Hours By Project - Contractor

| Project / Vendor/ Cont# / Trade/ City | | | Black | | Hispanic | | Asian | | Native | | Caucasian | | Subtotal | | Total Hours |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Employee | Classification | | F | M | F | M | F | M | F | M | F | M | F | M | ( F + M ) |
| Grand Total for Program: | | | 15,946.4 | 381,793.0 | 2,469.0 | 306,107.5 | 0.0 | 12,380.7 | 0.0 | 30,005.5 | 48,018.3 | 2,459,323.9 | 69,479.1 | 3,286,967.2 | 3,366,500.4 |
| Percentage for Hours: | | | 0.47% | 11.34% | 0.07% | 9.09% | 0.00% | 0.37% | 0.00% | 0.89% | 1.43% | 73.05% | 2.06% | 97.64% | 100.00% |
| Total Employee Count: | | 11950 | 67 | 1,266 | 15 | 1,213 | 0 | 47 | 0 | 114 | 180 | 8,408 | 280 | 11,599 | 11,942 |

THE
Regional Alliance
FOR Small Contractors
*Building Tomorrow's Partnerships Today!*

**Re: RFP – Development and Operation of a Video Lottery Facility at Aqueduct Racetrack – Appendix A, Clause 12. Page 23**

The Regional Alliance for Small Contractors, Inc. staffing has at minimum had a minority/women workforce of at least 60% for over five years. Currently, the work force is 86% minority and 71% female. See Appendix D-2.

Earle J. Walker
Executive Director

June 24, 2010

Port Authority Bus Terminal - 625 Eighth Avenue, 2nd Floor - North Wing - New York, NY 10018
Voice: 212-268-2991 - Fax: 212-268-7509 - Website: http://www.regional-alliance.org

Attachment A

Summary to MBE/WBE Utilization Plan

The Regional Alliance For Small Contractors
Aqueduct Racino Project
Proposal for SL Green
Per ESDC June 11, 2010

| | ESDC Certified NYS Firms* | | | | | Recap by size | | | | Queens |
|---|---|---|---|---|---|---|---|---|---|---|
| Construction Specialty | Queens | Kings/Nassau | Other NYC | Other NYS | Total | Over $1 Mill | $500k-999k | Under $500k | Not Disclosed | Over $1 Mil |
| Excavation | 17 | 22 | 9 | 21 | 69 | 21 | 25 | 15 | 8 | 5 |
| Site Work | 2 | 6 | 4 | 9 | 21 | 8 | 3 | 5 | 5 | 5 |
| Trucking/Hauling | 17 | 16 | 8 | 36 | 77 | 18 | 20 | 27 | 12 | 4 |
| Haz Material Removal/Disposal | 1 | 2 | 2 | 7 | 12 | 5 | 3 | 2 | 2 | 1 |
| Concrete, Foundation | 39 | 47 | 28 | 39 | 153 | 43 | 45 | 52 | 13 | 8 |
| Electrical | 36 | 37 | 39 | 28 | 140 | 28 | 46 | 38 | 28 | 7 |
| Mechanical, Plumbing A/C | 27 | 25 | 22 | 18 | 92 | 24 | 29 | 28 | 11 | 9 |
| Structural Steel, Rebar | 6 | 19 | 8 | 29 | 62 | 23 | 15 | 15 | 9 | 2 |
| Carpentry and Floors | 35 | 53 | 24 | 47 | 159 | 27 | 63 | 63 | 6 | 5 |
| Drywall and Sheetrock | 26 | 33 | 32 | 35 | 126 | 16 | 55 | 44 | 11 | 3 |
| Painting, Ceilings, wall cover | 21 | 23 | 27 | 29 | 100 | 21 | 42 | 30 | 7 | 4 |
| Window, Doors Installation | 13 | 19 | 12 | 27 | 71 | 20 | 27 | 22 | 2 | 1 |
| Paving, Curbs | 5 | 7 | 8 | 19 | 39 | 15 | 12 | 9 | 3 | 3 |
| Landscape | | 5 | 4 | 38 | 47 | 10 | 19 | 17 | 1 | |
| Cable and Network Installation | 3 | 4 | 4 | 3 | 14 | | 2 | 10 | 2 | |
| | | | | | | | | | | |
| Retail Establishments | 1 | 1 | | 4 | 6 | | 3 | 1 | 2 | |
| Janitorial and Office Cleaning | 14 | 19 | 33 | 27 | 93 | 20 | 45 | 20 | 8 | 2 |
| Security | 21 | 20 | 36 | 19 | 96 | 16 | 41 | 30 | 9 | 5 |
| Food and Beverage | 1 | 1 | 7 | 3 | 12 | 3 | 6 | 2 | 1 | 3 |
| HVAC Service | 6 | 9 | 3 | 9 | 27 | 7 | 6 | 10 | 4 | |

* Firms based in New York State interested in doing business in NYC market area.

**The Regional Alliance For Small Contractors**
**Aqueduct Racino Project**
**Proposal for SL Green**
**Per ESDC June 11, 2010**

**Queens Firms Over $1 Million by Specialty**

| Specialty | Firm Name |
|---|---|
| **Excavation Contractors** | Alza Construction Corportion |
| | Ametis Construction Corp |
| | Manny P Concrete Company Inc. |
| | New York City Billionaires Construction |
| | Wise Construction Inc. |
| Site Work | Alza Construction Corportion |
| Trucking Transportation and Hauling Services | Hiway Courier and Trucking |
| | L B Carpet Inc. |
| | Wise Construction Inc. |
| | Redwood Contracting Corp |
| Hazardous Waste Management | International Asbestos removal Inc. |
| Concrete Work, Concrete | Alza Construction Corportion |
| | Manny P Concrete Company Inc. |
| | Monpat Construction Inc. |
| | N H Construction Inc. |
| | Ramdeens Electrical Contracting Corp. |
| | Sukhmany Construction Inc. |
| | Ametis Construction Corp |
| | Wise Construction Inc. |
| Electrical Contractors | Charan Electrical Enterprises Inc. |
| | J & R Rey Electric Co Inc. |
| | Jeminis Electrical Contractors Inc. |
| | PS&E Electric Contractors Inc. |
| | Ramdeens Electrical Contracting Corp. |
| | RNH Electric Co Inc. |
| | Walton Electrical Construction Corp. |
| Mechanical Contractors Plumbing & Heating | First Choice Mechanical Inc. |
| | GDO Contracting Corp |
| | HRAD Construction Co Inc. |
| | Rocco Mechanical Inc. |
| | Suren Corp. |
| | Thermo Hydronic Corporation |
| | Ajit One Mechanical and General Contract |
| | Comstar International Inc. |
| | Grant Plumbing & Heating Supplies Inc. |
| Steel Fabrication, Steel Work Structural Steel Work, Rebar | J&E Industries LLC |
| | Recon Construction Corporation |
| Carpentry and Floor Work | Edgemont Enterprises Inc. |
| | N H Construction Inc. |
| | New York City Billionaires Construction |
| | R.A. Contracting Co |
| | Ramdeens Electrical Contracting Corp. |
| Drywall and Sheetrock Contractors | Edgemont Enterprises Inc. |
| | Hubi Construction Corporation |
| | New York City Billionaires Construction |
| Ceiling, Painting & Wallcovering | Agfa Construction Inc. |
| | Edgemont Enterprises Inc. |
| | R.A. Contracting Co |
| | USA Painting Inc. |
| Door, Window Installation | Ametis Construction Corp |
| Paving and Curbs | Alza Construction Corportion |
| | Chatterjee International Contracting Corp |
| | Interstate Contracting Co Inc. |
| Cleaning Service, Janitoriakl Service | Martinez Cleaning Co Inc |
| | Seven Ocean Group Inc |
| Guard & Patrol Service, Security Guard Service, Security Services | Cannady Security Services Inc. |
| | ISS Action Inc. |
| | Patrol & Guard Enterprises Inc. |
| | Peoples Accident Info Service Inc. |
| | Regin Associates Inc. |
| HVAC Maintenance Service | First Choice Mechanical Inc. |
| | Rocco Mechanical Inc. |
| | Zone Aire Systems Inc. |

The Regional Alliance For Small Contractors
Aqueduct Racino Project
Proposal for SL Green
Per NYC Small Business Services June 15, 2010

| | | NYC SBS Certified NYS Firms* | | | | | Recap by size of Reported Largest Contract | | | | Queens |
|---|---|---|---|---|---|---|---|---|---|---|---|
| NIGP Codes | Construction Specialty | Queens | Kings/Nassau | Other NYC | Other NYS | Total | Over $1 Mill | $500k-999k | Under $500k | t Disclosed | Over $1 Mil |
| 91244 | Excavation | 23 | 28 | 26 | 18 | 95 | 21 | 51 | 18 | 10 | 5 |
| 90976 | Site Work | 40 | 47 | 19 | 29 | 135 | 37 | 18 | 66 | 14 | 9 |
| 96239 | Trucking/Hauling | 9 | 2 | 4 | 2 | 17 | 1 | | 14 | 2 | 1 |
| 91430 | Concrete, Foundation | 44 | 72 | 33 | 27 | 176 | 49 | 13 | 100 | 14 | 14 |
| 91438 | Electrical | 27 | 35 | 31 | 17 | 110 | 37 | 13 | 50 | 10 | 12 |
| 91450,91468 | Mechanical, Plumbing A/C | 29 | 42 | 32 | 19 | 122 | 28 | 10 | 77 | 7 | 5 |
| 91479 | Structural Steel, Rebar | 16 | 40 | 17 | 22 | 95 | 30 | 9 | 49 | 7 | 5 |
| 91427 | Carpentry and Floors | 50 | 68 | 45 | 23 | 186 | 36 | 13 | 128 | 9 | 9 |
| 91461,91464 | Painting, Ceilings, wall cover | 53 | 78 | 48 | 28 | 207 | 30 | 12 | 155 | 10 | 8 |
| 90937 | Window, Doors Installation | 36 | 50 | 40 | 22 | 148 | 36 | 13 | 86 | 13 | 9 |
| 91219,91327, 91336 | Paving, Curbs | 28 | 32 | 29 | 25 | 114 | 36 | 15 | 51 | 12 | 7 |
| 98836,98852 | Landscape | 3 | 8 | 2 | 6 | 19 | 3 | 1 | 12 | 3 | 1 |
| | | | | | | | | | | | |
| 96218 | Cable and Network Installation | 6 | 7 | 10 | 5 | 28 | 2 | 2 | 24 | | 1 |
| 91039 | Janitorial and Office Cleaning | 26 | 20 | 29 | 8 | 83 | 11 | 5 | 55 | 12 | 2 |
| 99046, 99067 | Security Guard | 13 | 18 | 29 | 8 | 68 | 14 | 4 | 38 | 12 | 4 |
| 96219 | Food and Beverage | 3 | 3 | 9 | | 15 | | | 12 | 3 | |
| 91036 | HVAC Service | 20 | 17 | 13 | 15 | 65 | 15 | 6 | 39 | 7 | 3 |

The Regional Alliance For Small Contractors
Aqueduct Racino Project
Proposal for SL Green
Per NYC Small Business Services June 15, 2010
Queens Firms Over $1 Million by Specialty

| Specialty | Firm Name |
|---|---|
| Excavation | Stonewall Contracting Corp. |
| | N.Y. Friendly Construction Inc. |
| | Super Eagle General Contracting, Inc. |
| | Gladiators Contracting Corp. |
| | Perkan Concrete Corporation |
| Sitework | A. Ottavino Corp |
| | Dynasty Stainless Steel & Metal Industries, Inc. |
| | Monia Contracting of NY Inc. |
| | New York City Billionaire's Construction Corp. |
| | Perkan Concrete Corporation |
| | Stonewall Contracting Corp. |
| | Super Eagle General Contracting, Inc. |
| | Tres Construction, LLC |
| | Xaren Corporation |
| Trucking.Hauling | Walton Electrical Construction Corp. |
| Concrete | Akhtar Construction Co., Inc. |
| | Bhumi Construction Incorporation |
| | Eastern Empire Contracting Inc. |
| | Gladiators Contracting Corp. |
| | Monia Contracting of NY Inc. |
| | N.Y. Friendly Construction Inc. |
| | P & S CONSTRUCTION NY INC. |
| | Perkan Concrete Corporation |
| | PPL Construction Corp. |
| | Recon Construction Corp. |
| | Stonewall Contracting Corp. |
| | Super Eagle General Contracting, Inc. |
| | Tres Construction, LLC |
| | Star Intercom & Construction Co |
| Electrical | Aurora Electric Inc. |
| | DeBoccia Electrical Construction Corp. |
| | Jeminis Electrical Contractors, Inc. |
| | Kanta Electric Corporation |
| | Metropolitan Cable Communications, Inc. |
| | Nunez Electric, Inc. |
| | Seong Jin Electric Inc. |
| | Stonewall Contracting Corp. |
| | Unalite Electric & Lighting LLC |
| | Villafane Electric Corporation |
| | Walton Electrical Construction Corp. |
| | Windsor Electrical Contracting, Inc. |

The Regional Alliance For Small Contractors
Aqueduct Racino Project
Proposal for SL Green
Per NYC Small Business Services June 15, 2010
Queens Firms Over $1 Million by Specialty

| Specialty | Firm Name |
|---|---|
| Mechanical, Plumbing | Cardoza Plumbing Corp. |
| | Donnelly Mechanical Corp. |
| | International Asbestos Removal, Inc. |
| | N.Y. Friendly Construction Inc. |
| | Super Eagle General Contracting, Inc. |
| Steel | Gladiators Contracting Corp. |
| | N.Y. Friendly Construction Inc. |
| | P & S CONSTRUCTION NY INC. |
| | Stonewall Contracting Corp. |
| | Super Eagle General Contracting, Inc. |
| Carpentry and Floors | Akhtar Construction Co., Inc. |
| | Bhumi Construction Incorporation |
| | Eastern Empire Contracting Inc. |
| | Gladiators Contracting Corp. |
| | Monia Contracting of NY Inc. |
| | N.Y. Friendly Construction Inc. |
| | Nextcom Construction Inc. |
| | Stonewall Contracting Corp. |
| | Super Eagle General Contracting, Inc. |
| Painting, Plastering | Bhumi Construction Incorporation |
| | Eastern Empire Contracting Inc. |
| | Gladiators Contracting Corp. |
| | Monia Contracting of NY Inc. |
| | N.Y. Friendly Construction Inc. |
| | Nextcom Construction Inc. |
| | Stonewall Contracting Corp. |
| | Super Eagle General Contracting, Inc. |
| Windows and Doors | A. Ottavino Corp |
| | Dynasty Stainless Steel & Metal Industries, Inc. |
| | Eastern Empire Contracting Inc. |
| | New York City Billionaire's Construction Corp. |
| | P & S CONSTRUCTION NY INC. |
| | Perkan Concrete Corporation |
| | Stonewall Contracting Corp. |
| | Super Eagle General Contracting, Inc. |
| | Xaren Corporation |
| Paving, Curbs | A. Ottavino Corp |
| | Alpha Painting & Construction Co., Inc. |
| | DeBoccia Electrical Construction Corp. |
| | J & E Industries LLC |
| | P & S CONSTRUCTION NY INC. |

The Regional Alliance For Small Contractors
Aqueduct Racino Project
Proposal for SL Green
Per NYC Small Business Services June 15, 2010
Queens Firms Over $1 Million by Specialty

| Specialty | Firm Name |
| --- | --- |
| | Perkan Concrete Corporation |
| | Super Eagle General Contracting, Inc. |
| Landscape | A. Ottavino Corp |
| Ceilings | P & S CONSTRUCTION NY INC. |
| | Tres Construction, LLC |
| | |
| Cable andNetwork Installation | Optec Communications, Inc. |
| Janitorial and Office Cleaning | ISS Action Inc. |
| | People's Accident Information Service, Inc. |
| | Phoenix Diversified, Inc. |
| | Specialist Security Service Corp. |
| HVAC Manitenance | DeBoccia Electrical Construction Corp. |
| | Donnelly Mechanical Corp. |
| | P & S CONSTRUCTION NY INC. |

# INSERT

# TAB

Financial Proposal

**FINANCIAL PROPOSAL**

**REDACTED**

# INSERT

# TAB

Subcontractors

**Section 5 – 4.10 – Subcontractors**

Enclosed herein is a list of New York-based vendors and their respective contact information that the team has worked with in the past. We expect to utilize several of these firms throughout the development of the VLT Facility.

| Vendor Name | Address | City | State | Zip | Main Telephone | Main Email |
|---|---|---|---|---|---|---|
| Orkin Pest Control | Branch 315 - 40-27 Crescent Avenue | L.I.C. | NY | 11101-3815 | 718-361-2750 | |
| Ashlar Mechanical Corp. | 37-20 30th Street | Long Island City | NY | 11101 | (718) 786-7200 | ckatz@ashlarny.com |
| Custom Metalcrafters | 16 McKinley Avenue | Alvertson | NY | 11507 | 516-747-2020 | srosner@custommetalcrafters.com |
| Able Rigging Contractors, Inc | 200 Dixon Avenue | Amityville | NY | 11701 | (516)420-4444 | |
| Eagle Scaffolding Services Inc. | 67 Mill Street | Amityville | NY | 11701 | 631-842-1700 | |
| Kenneth J. Herman, Inc. | 151 Dixon Avenue | Amityville | NY | 11701 | 631-789-4646 | sweathogs@kennethjhermaninc.com |
| Leahy Mechanical | 38 Burch Ave. | Amityville | NY | 11701 | 631-789-0892 | Wjleahy@leahymechanical.com |
| M & D Millwork LLC | 45 Ranick Drive East | Amityville | NY | 11701 | | |
| Quick-Slide Corp | 36 Ranick Drive West | Amityville | NY | 11701 | 631-249-1692 | |
| ATLANTIC DETAIL & ERECTION CORP | 7241 Burchell Avenue | Aneme | NY | 11692 | (718)945-4952 | adecsteel@aol.com |
| Carullo Construction Corp. | 19-44 Steinway Street | Astoria | NY | 11105 | (718)204-9799 | |
| Eagle-One Roofing Contractors, Inc. | 18-60 45th Street | Astoria | NY | 11105 | 718-626-2108 | vinny@eagleoneroofing.com |
| Excellent Paving and Construction Corporation | 42-04 Barrian Blvd. | Astoria | NY | 11105 | 718-728-0870 | salr@excellentpaving.com |
| Graciano Corporation | 18-73 43rd Street | Astoria | NY | 11105 | 718-932-7867 | tcorbo@graciano.com |
| High Performance Contracting, LTD | 18-38 45th Street | Astoria | NY | 11105 | 718.204.8300 | |
| JDP Mechanical | 24-39 44th Street | Astoria | NY | 11103 | 718-267-6767 | FWoodstock@jdpmechanical.com |
| Polonia Architecdtural Restoration | 38-11 Ditmars Blvd. Suite 364 | Astoria | NY | 11105 | 718-728-7939 | polonia777@aol.com |
| United Drilling & Cutting Corp | 23-21 BQE West | Astoria | NY | 11103 | 718-777-8040 | |
| Brian Painting Corp. | 334 Walker St. | Babylon | NY | 11743 | 631 661 0701 | |
| Pro Spec Interiors | 98 Park Avenue | Babylon | NY | 11702 | (631)422-2289 | jdl@prospecinteriors.com |
| Haider Engineering P.C. | 755 Merrick RD | Baldwin | NY | 11510 | | |
| Mexglass Sales Corp | 842 Merrick Road | Baldwin | NY | 11510 | (516)868-6666 | larryz@mexglass.com |
| NASDI Demolition | 1600 Harrison Avenue | Bay Shore | NY | 11706 | 631-243-3100 | |
| Diversified Construction Corp. | 28 Garfield Ave | Bayshore | NY | 11706 | (631)595-1202 | troy@diversifiedconstructioncorp.com |
| Abbey Rent All | 203-16 Northern Blvd | Bayside | NY | 11361 | 718-428-0400 | |
| American Standard Testing & Consulting | 214-41 42nd Avenue | Bayside | NY | 11361 | 718-747-5200 | afortich@americanstandardtesting.com |
| JMV Associates, LLC | 38-35 Bell Boulevard | Bayside | NY | 11361 | (718) 631-0006 | |
| Pyrosignal Suppression Inc | 40-32 216 STREET | BAYSIDE | NY | 11361 | 718-279-3473 | |
| Reyvin Plumbing & Heating Corp. | P.O. Box 610416 | Bayside | NY | 11361 | (646)296-1171 | Reyvin229@aol.com |
| J & E Industries, LLC | 140 Beach 140th Street | Belle Harbor | NY | 11694 | (718)474-4897 | jan136@aol.com |
| RMT Electric Corporation | 238-19 Braddock Avenue | Bellerose | NY | 11426 | (718)347-4517 | rspenellisr@rmtelectriccorp.com |
| D`Aprile Inc. | 1907 Bellmore Avenue | Bellmore | NY | 11710 | 516-783-1393 | daprileinc@aol.com |
| D`Aprile Inc. | 1907 Bellmore Avenue | Bellmore | NY | 11710 | (516) - 783-1393 | |
| Rad and D`Aprile, Inc. | 2128 Bellmore Avenue | Bellmore | NY | 11710 | 516-826-9218 | rad2128@hotmail.com |
| T.P. Exterminators | 1949 Henry Street | Bellmore | NY | 11710 | | |
| McKeon Door East, Inc. | 44 Sawgrass Drive | Bellport | NY | 11713 | | |
| McKeon Rolling Steel Door Co., Inc. | 44 Sawgrass Drive | Bellport | NY | 11713 | (631)803-3000 | info@mckeondoor.com |
| York Sign Industries | 104 Benkert Street | Bethpage | NY | 11714 | (516)871-0401 | sunil@yorksign.com |
| Basco, Inc. | 40 Aero Road | Bohemia | NY | 11716 | (631)567-4404 | gina@bascoinc.com |
| Baybrent Construction Corp. | 1637 SYCAMORE AVENUE | Bohemia | NY | 11716 | (631)563-4500 | baybrent@optonline.net |
| Firestop Solutions, Inc. | 1655 Sycamore Avenue | Bohemia | NY | 11716 | (631)563-4040 | pschmidt@firestopsolutions.com |
| Gordon L Seaman, Inc | 630 Johnson Avenue | Bohemia | NY | 11716 | 631-567-8000 | andrew@gordonlseaman.com |
| Island Acoustics of New York | 518 Johnson Ave | Bohemia | NY | 11716 | (631)589-4666 | |
| Kenneth Hargreaves Co. Inc. | 493-14 Johnson Avenue | Bohemia | NY | 11716 | | |
| M.H. Kane Construction | 1531 Smithtown Avenue | Bohemia | NY | 11716 | (631) 563-7575 | mhkconst@worldnet.att.net |
| Metro Island | 1650 Sycamore Avenue - Ste. 7 | Bohemia | NY | 11716 | 631-218-3800 | ron@metroisland.com |
| Mannix (A Division of Interstate Window Corp.) | 345 Crooked Hill Road | Brentwood | NY | 11717 | 631-231-0800 | mannixvp@aol.com |
| Sinoroma Enterprises Inc. | 144-39 85th Ave. | Briarwood | NY | 11435 | 718-523-9696 | |
| Call-A-Head | 304 Crossday Blvd. | Broad Channel | NY | 11693 | (800) 634-2085 | |
| 27 Park Place Associates, Inc. | 9210 4th Avenue | Brooklyn | NY | 11209 | | |
| A&A Associates | 731 WASHINGHTON AVENUE | Brooklyn | NY | 11238 | (718)783-9281 | aappleton@aaassociates.org |
| A. Ottavino Corp. | 80-60 Pitkin Avenue | Brooklyn | NY | 11417 | 718-848-9404 | ottavinostone@AOL.com |
| Accurate Specialty Metal Fabricators Inc | 1333 Flushing Avenue | Brooklyn | NY | 11237 | (718) 381-2106 | accuratespec@aol.com |
| Achilles Construction Co. Inc. | 262 Green Street | Brooklyn | NY | 11222 | (718)389-4717 | acc262@aol.com |
| Acme Architectural Products Inc. | 251 Lombardy St. | Brooklyn | NY | 11222 | | |
| ACME Architectural Walls | 513 porter Ave. | Brooklyn | NY | 11222 | (718)384-7800 | |
| Acme Steel Door and Hardware | 251 Lombardy Street | Brooklyn | NY | 11222 | (718)384-7800 | michael@acmesteel.com |
| Active Fire Sprinkler | Brooklyn Naval Yard Building #50 | Brooklyn | NY | 11205 | 718-834-8300 | yumi@activefire.xohost.com |
| Adriatic Wood Products Inc | 1994 Industrial Park Road | Brooklyn | NY | 11207 | 718-922-4621 | |
| All Safe LLC | 2 Noble Street | Brooklyn | NY | 11222 | 718-389-9400 | |
| Allstate Interior Demolition | 242 Randolph Street | Brooklyn | NY | 11237 | (718) 779-8400 | ssrnic@allstatedemo.com |
| Angel Electric | 101-103 Luquer Street | Brooklyn | NY | 11231 | (718)625-2555 | chessnewon@aol.com |
| Art-in Construction, Inc. | 55 Washington Street, #653 | Brooklyn | NY | 11201 | (718)222-3874 | |
| Asbestolith Manufacturing Corporation | 257 Kent Street | Brooklyn | NY | 11222 | 718-389-5550 | asbestolith@mail.com |
| Atlantic Demolition Corporation | 386 Troutman Street | Brooklyn | NY | 11237 | (718) 381-4550 | skidsell@aol.com |
| Atlantic Hoisting & Scaffolding LLC | 330 North Henry Street | Brooklyn | NY | 11222 | 718-628-0500 | ccostigan@atlantichoisting.com |
| Attri Enterprises, Inc. | 892 Metropolitan Avenue | Brooklyn | NY | 11211 | (718)486-7395 | office@attrienterprises.com |
| Auster Rubber Co | 238 N9th St. | Brooklyn | NY | 11211 | 718-782-6400 | |
| B & A Design Plaza | 87 34th Street 3rd Floor | Brooklyn | NY | 11232 | (718)686-0130 | |
| Barone Steel Fabricators | 271 40th Street | Brooklyn | NY | 11232 | 718-832-4705 | fnemaire@baronesteel.com |
| BDW Wall Corp. | 423 95th Street | Brooklyn | NY | 11209 | (718)745-7920 | |
| Bell Star Tower, Inc. | 245 Van Brunt Street | Brooklyn | NY | 11231 | (718) 237-4944 | hbellstar@aol.com |
| Bobtek Electrical Corporation | 9204 AVENUE L | BROOKLYN | NY | 11236 | (718)763-2563 | bobtek6@bobtekelectricalcorp.com |
| Breeze National, Inc. | 31 Bay Street | Brooklyn | NY | 11231 | (718) 266-7336 | debreeze@hotmail.com |
| Brooklyn Welding Corp. | 712 Parkside Avenue | Brooklyn | NY | 11226 | (718)756-1919 | parkside712@aol.com |
| C.D.E Air Conditioning Co. Inc. | 321 39th Street | Brooklyn | NY | 11232 | 718-788-1040 | josepha@cdeair.com |
| CAB Plastics | 38 Livonia Ave | Brooklyn | NY | 11212 | 718-385-1600 | |
| Central Enterprises, Inc. | 129 20th Street | Brooklyn | NY | 11232 | 718-832-5100 | mariofpcentral@aol.com |
| Centre Street Systems, Inc | 155 Centre Street | Brooklyn | NY | 11231 | 718-237-1666 | |
| Churchgate Corporation DBA Churchgate Security | 747 Lexington Avenue Suite 1 | Brooklyn | NY | 11221 | (718) 498-5960 | kelly@churchgatecorp.com |
| City Elevator | 45 Main Street, Suite 844 | Brooklyn | NY | 11201 | 718-625-3300 | |
| City Wide Demolition | 151 Anthony Street | Brooklyn | NY | 11222 | 718-599-9087 | |
| Claridan Contracting, Inc. | 649 Morgan Avenue, Suite 2-G | Brooklyn | NY | 11222 | (718)599-9189 | eramos@claridaninc.com |
| Commercial Kitchen Design, Inc. | 237 Randolph Street | Brooklyn | NY | 11237 | (718) 386-1086 | gregrckd@att.net |
| Crawford Filtration, Inc. | 155 Water Street | Brooklyn | NY | 11201 | 718-812-7931 | adam@crawfordfiltration.com |
| Cross-Fire & Security Co. Inc. | 1756 86th Street | Brooklyn | NY | 11214 | 718-234-8600 | bdoorly@cfsnyc.com |
| Culver Floor Covering Company, Inc. | 2411 Avenue X | Brooklyn | NY | 11235 | 718-332-3434 | george.petersen@culverfloors.com |
| DAL Electrical Corporation | 218 52nd Street | Brooklyn | NY | 11220 | (718) 437-7176 | nrosario@dalelectric.com |
| David Shuldiner Inc. | 35 Irving Avenue | Brooklyn | NY | 11237 | 718-386-5200 | dfallick@davidshuldiner.com |
| Decorama Building & Plumbing Supply | 1233 Metropolitan Avenue | Brooklyn | NY | 11237 | (718)651-1800 | decorama1@aol.com |
| Del-Mar Restoration Corp. | 201 Snediker Ave. | Brooklyn | NY | 11207 | | Masonryservices5@aol.com |
| DiFama Concrete, Inc. | 131 Imlay Street | Brooklyn | NY | 11231 | 718-403-9216 | lindam@difamaconcrete.com |
| Dooley Electric | 4014 3rd Avenue | Brooklyn | NY | 11232 | 718-840-2200 | mel@dooleyelectric.com |
| Ernest Neuman Studios | 20 Jay Street, Suite 319 | Brooklyn | NY | 11201 | (718)625-1861 | |
| ETS Contracting | 160 Clay Street | Brooklyn | NY | 11222 | 718-706-6300 | robert@etscontracting.com |
| F & R Installers Corp. | 63 Flushing Ave. Brooklyn Navy Building Yard Bldg 280 | Brooklyn | NY | 11205 | (718)855-1600 | fnrinstall@verizon.net |
| F&D Associates, Inc | 49th st & 1st Ave | Brooklyn | NY | 11232 | 718-369-5860 | |
| Federal Pump | 1144 Utica Avenue | Brooklyn | NY | 11203 | (718)451-2000 | |
| Fervent Electrical Corporation | 63 Flushing Ave # 372 Blg 280 Suite 414 | Brooklyn | NY | 11205 | 718-246-9273 | info@ferventelectric.com |
| Fieldman Lumber | 1281 Metropolitan Ave | Brooklyn | NY | 11237 | 718-786-7777 | |
| Finest Window Inc. | 264-49th Street | Brooklyn | NY | 11220 | (718)439-8400 | finestwindowinc@aol.com |
| Fireproofing Technologies LLC | 199 Bay 17th Street - Suite A3 | Brooklyn | NY | 11214 | 718-837-8029 | fg183@aol.com |
| Flowerworks Landscape Contractor | 547 Nostrand Avenue | Brooklyn | NY | 11216 | (718)230-9393 | flworks@aol.com |
| Furniture Rental Associates | Call Box 229047 | Brooklyn | NY | 11222-9047 | 718-389-5400 | |
| Gateway Acoustics | 375 86th St. | Brooklyn | NY | 11209 | 718-745-2970 | |
| Gold & Reiss | 254 Bay Ridge Avenue | Brooklyn | NY | 11220 | 718-680-2600 | ai@emgrc.com |
| Gold Security Guard Service, Inc. | 1542 Flatbush Avenue, 3rd fl | Brooklyn | NY | 11210 | (718)462-5332 | wduncan@goldguards.com |
| Hamilton Glass | 42-23 Fort Hamilton Pkwy | Brooklyn | NY | 11219 | 718-851-4545 | Glass4223@aol.com |
| Highway Locksmiths, Inc. | 3623 Quentin Road | Brooklyn | NY | 11234 | 718-645-2975 | |
| Hub Electrical Industries Inc. | 103 Luquer Street | Brooklyn | NY | 11231 | (718) 875-1234 | hub606@aol.com |
| Iannelli Construction | 9723 Third Avenue | Brooklyn | NY | 11209 | 718-836-2000 | vi@iancc.com |
| Imperial Painting & Fireproofing Inc. | 10119 38 Street | Brooklyn | NY | 11219 | (718)437-9588 | joe@imperialfireproofing.com |
| Industrial U.S.A., Inc. | 136 Wallabout St., S-6A | Brooklyn | NY | 11211 | | |
| Innovative Building Solutions | 87-31 18th Avenue, 2nd Floor | Brooklyn | NY | 11214 | (718)676-1065 | jgauthier@innovativebldgsolutions.com |
| Interior Metals | 255 48th Street | Brooklyn | NY | 11220 | (718) 439-7324 | mtomassi@interiormetals.com |
| Inustrial USA, Inc. | 136 Wallabout St., Suite 6A | Brooklyn | NY | 11211 | 718-854-4456 | |
| J. Rosen Plastering | 1462 Schenectady Avenue | Brooklyn | NY | 11203 | (212)595-7992 | |
| James F. Volpe Electrical Contracting Corp. | 81 Sackett Street | Brooklyn | NY | 11231 | 718-243-9400 | fmatrone@jamesfvolpe.com |
| JC-Duggan | 320 Maspeth Avenue | Brooklyn | NY | 11211 | (718)384-3260 | |
| JDG Door, Inc. | 679 McDonald Avenue | Brooklyn | NY | 11218 | 718-435-6505 | |
| Jen Electric | 7812 New Ultrecht Avenue | Brooklyn | NY | 11214 | 718-236-0168 | jen.electric@verizon.net |
| Kilroy Metal Products | 283 Greene Avenue | Brooklyn | NY | 11238 | (718)638-2503 | bkennedy@kilroymetal.com |
| Kings County Waterproofing Corp. | 1200 Utica Avenue | Brooklyn | NY | 11203 | 718-629-6300 | m-malibiran@kingscountywp.com |
| LaQuila Construction, Inc. | 1590 Troy Avenue | Brooklyn | NY | 11234 | 718-252-0126 | bill@laquila-construction.com |
| Lira Stoneworks Incorporation | 7709 New Utrecht Avenue | Brooklyn | NY | 11214 | 347-728-5278 | lirastoneworksinc@netzero.com |
| LRS Communication, Inc | 50 20th Street | Brooklyn | NY | 11232 | 718-499-4141 | |
| M&A Plumbing & Heating | 440 Morgan Avenue | Brooklyn | NY | 11222 | 718-388-9329 | maph.maph@verizon.net |
| M.E.P.S. Security LLC | 1139 Linden Blvd. | Brooklyn | NY | 11212 | (718)498-0216 | lynnmeps@yahoo.com |
| Mackler Plumbing & Heating Co. Inc | 1062-1064 39th street | Brooklyn | NY | 11219 | | |
| Matrix Steel | 50 Bogart Street | Brooklyn | NY | 11206 | (718)381-6800 | |
| Mecca Contracting, Inc. | 40 Troutman Street | Brooklyn | NY | 11206 | (718)574-8575 | meccacinc@hotmail.com |
| Metro Core | 1525 Pacific Street | Brooklyn | NY | 11213 | | maurice@onemetrocore.com |
| Mid City Electrical Corp. | 2190 McDonald Avenue | Brooklyn | NY | 11223 | (718)333-2522 | jimmyh@mce2190.com |
| Miron Building Supply | 268 Johnson Ave | Brooklyn | NY | 11206 | (718)467-1111 | |
| MKJ Communications Inc. | 7 South Elliot Place | Brooklyn | NY | 11217 | (212)206-0072 | jherman@mkjcomm.com |
| Monsey Tours | 870 Dean street | Brooklyn | NY | 11238 | (718) 623-9000 | |
| MRC II | 242 Nevins Street | Brooklyn | NY | 11217 | (718)852-5800 | |
| Natural Stone Inc | 343 stagg street | brooklyn | NY | 11206 | | naturalstoneinc@aol.com |
| New Age Contracting LLC | 1989 East 14 street | Brooklyn | NY | 11229 | 646-302-9785 | |
| North Side Structures Inc. | 113 North 13th Street | Brooklyn | NY | 11211 | 718-963-3700 | joejr@topstructures.com |

| Vendor Name | Address | City | State | Zip | Main Telephone | Main Email |
|---|---|---|---|---|---|---|
| North Star Mechanical | 48 Grattan Street | Brooklyn | NY | 11237 | (718)532-0051 | grattan48@aol.com |
| Nouveau Elevators | 74 Calyer Street | Brooklyn | NY | 11222 | (718)349-4750 | sales@nouveauelevator.com |
| Optimum Design, Inc. | 372 DeKalb Avenue- Apt. 1Q | Brooklyn | NY | 11205 | 718- 783- 1202 | |
| Oriental Lumberland, Inc. | 1154 Flushing Avenue | Brooklyn | NY | 11237 | (718)386-8200 | orlumber@aol.com |
| Pace Fire Protection Corp. | 41 Box Street | Brooklyn | NY | 11222 | 718-389-6100 | mike@pacefireprotection.com |
| Pace Plumbing Corp. | 41 Box Street | Brooklyn | NY | 11222 | 718-389-6100 | christinem@paceplumbing.com |
| Paladin Construction Corp. | Bklyn Navy Yard-63 Flushing Ave #315 | Brooklyn | NY | 11205 | 718-694-6966 | ajenkins@paladinny.com |
| Paladino Construction | 844 Pine Street | Brooklyn | NY | 11208 | 718-649-5317 | paladinony@optonline.net |
| Park Avenue Build & Roofing | 2120 Atlantic Avenue | Brooklyn | NY | 11233 | 718-403-0100 | parkavehc@aol.com |
| Park Avenue Fire Door | 1069 38th Street | Brooklyn | NY | 11219 | 718-854-0158 | samparkavedoors@verizon.net |
| Patti & Sons Inc. | 8 Berry Street | Brooklyn | NY | 11211 | 718-963-3700 | rene@pattispray.com |
| Paul J. Scariano, Inc. | 1 43rd Street Box # C9 | Brooklyn | NY | 11232 | (718)965-0611 | |
| Penguin Air Conditioning Corp. | 26 West Street | Brooklyn | NY | 11222 | 718-706-2560 | skeller@penguinac.com |
| PJS Electric, Inc. | 10 43rd Street, Box #L15 | Brooklyn | NY | 11232 | (718) 832-9609 | pscariano@pjselectric.com |
| Premium Millwork Inc. | 270 Van Brunt Street | Brooklyn | NY | 11231 | (718)422-7774 | premiummillwork@gmail.com |
| Pro Elevator | 171 West Street | Brooklyn | NY | 11222 | 718-389-2970 | proelevator@aol.com |
| R.B.`s Construction Corp. | 26 Court Street, Suite 1604 | Brooklyn | NY | 11242 | (718)596-3556 | rayerwesby@aol.com |
| R.S. Painting | PO Box 21769 | Brooklyn | NY | 11216 | (347)715-3600 | rspw@optonline.net |
| Rent A Unit NY Inc. | 543 Bedford Ave. # 243 | Brooklyn | NY | 11211 | 718-643-1313 | |
| Roadway Contracting, Inc. | 570 Gardner Avenue | Brooklyn | NY | 11222 | 718-963-3500 | rciromanj@cs.com |
| S&L Industries, Inc. | 9201 Ditmas Avenue | Brooklyn | NY | 11236 | (718)385-5000 | SL.Industries2@verizon.net |
| Signon USA | 171 Powell Street | Brooklyn | NY | 11212 | 718-485-8500 | shia@signonusa.com |
| Signs & Decal Corporation | 410 Morgan Avenue | Brooklyn | NY | 11211 | 718-486-6400 | mohamed@signsanddecal.com |
| Skyline Steel Corp. | 289 Scholes Street | Brooklyn | NY | 11206 | 718-417-0600 | skymetro@aol.com |
| Smalls Electrical Construction, Inc. | 63 Flushing Avenue, Unit 338 | Brooklyn | NY | 11205 | (718)254-0009 | jsmalls@smallselectrical.com |
| Solomon Oliver Mechanical | 49 East 89th Street | Brooklyn | NY | 11236 | (718)346-1616 | solco346@aol.com |
| SRS Enterprises | 2711 Harway Avenue | Brooklyn | NY | 11214 | 718-714-4242 | rsenia@srs-enterprises.com |
| Strand Electric | 500 Third Avenue | Brooklyn | NY | 11215 | 718-499-8502 | strandelec@aol.com |
| T. Moriarty & Son, Inc | 63 Creamer Street | Brooklyn | NY | 11231 | (718) 858-4800 | marcoa@tmoriarty.com |
| TCC Teleplex, Inc | 252 Conover Street | Brooklyn | NY | 11231 | 718-222-4777 | |
| TJ Piping & Heating, Inc. | 1441 Bushwick Avenue | Brooklyn | NY | 11207 | (718)574-6117 | tjpiping@aol.com |
| TLH Corporation | 2774 Fulton Street | Brooklyn | NY | 11207 | (718)827-3800 | tlhcorp@gmail.com |
| Tri-State Dismantling | 207 DuPont Street | Brooklyn | NY | 11222 | 718-349-2552 | richard@gotsd.com |
| Trident Contracting | 489 Lorimer Street | Brooklyn | NY | 11211 | 718-965-2978 | |
| TRIP CONSULTANTS USA | 311 85TH STREET | BROOKLYN | NY | 11209 | (718)833-6176 | |
| Ultima Construction, Inc. | 270 41st Street | Brooklyn | NY | 11232 | (718)499-7900 | nermin@ultimaconstructioninc.com |
| Universal Construction | 5224 3rd Avenue | Brooklyn | NY | 11220 | (718)567-0146 | universalcc@aol.com |
| URBAN OFFICE PRODUCTS, INC. | 55 WASHINGTON STREET, SUITE 501 | BROOKLYN | NY | 11201 | 718 858-8100 | |
| Urban Power & Lighting Inc. | 227 49th Street | Brooklyn | NY | 11220 | (718)765-9151 | |
| V&P ALTITUDE CORP | 3709 Hamilton Parkway | Brooklyn | NY | 11218 | 718-435-9161 | |
| Villafane Electric Corp. | 393 Manhattan Avenue | Brooklyn | NY | 11211 | (718)883-1060 | john@villafane.org |
| Wallico Maintenance, Inc. | 81 14th Street | Brooklyn | NY | 11215 | (718)788-4540 | MMcDermott@wallico.com |
| Wilson Conservation | 100 East 5th Street | Brooklyn | NY | 11218 | 000-000-0000 | noemail@aol.com |
| Wolkow-Braker Roofing Company | 105 Apollo Street | Brooklyn | NY | 11222 | 718-384-3456 | fwolkowitz@wolkowbraker.com |
| Work Safe NY, LLC | 1203 Nostrand Avenue | Brooklyn | NY | 11225 | | |
| International Exterior Fabricators | 4062 Grumman Blvd, Building 81 | Calverton | NY | 11933 | | |
| Island Diversified | 4062 Grumman Blvd., Bldg, #81 | Calverton | NY | 11933 | (631) 953-6990 | jack@diversified.com |
| Island International Industries, Inc. | 4062-81 Grumman Blvd. | Calverton | NY | 11933 | 631-208-3500 | krista@islandcompanies.com |
| Creative Construction Services Corp. | 118-58 229th Street | Cambria Heights | NY | 11411 | 718-525-2300 | |
| Direct Access Corp. | 219-15 Linden Blvd. | Cambria Heights | NY | 11411 | 718-528-8079 | mhall377@aol.com |
| Olympic Plumbing & Heating Corp. | 233-08 Linden Blvd. | Cambria Heights | NY | 11411 | 718-528-4001 | arocco@olympic-plumbing.com |
| Ideal Restaurant Supply Co., Inc. | 125 Voice Road | Carle Place | NY | 11514 | (516) 482-7000 | info@idealrsc.com |
| Omega Risk Management LLC | 205 Mckinley Terrace | Centerport | NY | 11721 | 631-692-9866 | |
| Coastal Environmental Group, Inc | 320 Carleton Avenue Suite 6000 | Central Islip | NY | 11722-4516 | (631) 234-4100 | aazmitia@coastalgrp.net |
| Premier Fire Sprinkler Co., Inc. | 131 Brightside Avenue | Central Islip | NY | 11722 | 631-348-0363 | kedwards@premierfiresprinkler.com |
| Judlau Contracting | 26-15 Ulmer Street | College Poing | NY | 11354 | (718)554-2320 | |
| Academic Stone Setters | 29-07 119th Street | College Point | NY | 11354 | (718)463-7395 | academic@verizon.net |
| Arrow Alliance Construction Corp. | 121-12 23rd Avenue | College Point | NY | 11356 | 718-762-2375 | aalliance@verizon.net |
| Bass Plumbing & Heating Corporation | 20-85 130th street | College Point | NY | 11356 | 718-726-5680 | alex@bassph.com |
| Bravest Pest Control, Inc. | P.O. Box 564384 | College Point | NY | 11356 | | |
| Built Rite Contracting Corp. | 15-30 131st Street | College Point | NY | 11356 | (718) 361-8484 | paulinah@builtritecc.com |
| Cathedral Marble & Tile | 112-15 14th Road | College Point | NY | 11356 | (718) 461-0701 | cathedralsnt@aol.com |
| Champion Partitions Inc. | 15-10 127th Street | College Point | NY | 11356 | (718)661-0044 | carlos@evansandpaul.com |
| City Gates | 15-20 129th Street | College Point | NY | 11356 | (718)939-9700 | |
| Empire Architectural Metal | 14-50 118th Street | College Point | NY | 11356 | 718-321-0640 | info@empirearchmetal.com |
| Gerbes Service | P.O. Box 4110 | College Point | NY | 11356 | 718-460-3835 | |
| JAM Services Co., Inc. | 125-06 18th Avenue | College Point | NY | 11356 | 800-651-2185 | jamserviceco@aol.com |
| La Strada General Contracting Corp. | 118-20 29th Avenue | College Point | NY | 11354 | 718-961-8500 | lastradadd@aol.com |
| Pinto & Teger Electric Corp. | 14-14 123rd Street | College Point | NY | 11356 | 718--939-7055 | office@pintoandtegerelectric.com |
| R.A.M.S Mechanical, Inc. | 15-05 132nd Street | College Point | NY | 11356 | (718)888-7120 | JosephDeAngelis@ramsmechanical.com |
| SMC Electrical Contracting, Inc. | 126-12 18th Avenue | College Point | NY | 11356 | (718)357-2530 | tdoumazios@smc-electric.com |
| Spearin, LLC | 14-45 117th Street | College Point | NY | 11356 | (347)438-3400 | jeckart@spearin.com |
| The Franklin Company Contractors, Inc. | 22-04 119th Street | College Point | NY | 11356 | 718- 762-5200 | rlaga@franklincompany.com |
| United Pavement Marking | 126-16 18th Ave | College Point | NY | 11356 | (718)539-3617 | |
| Welsbach Electric Corp. | 111-01 14th Avenue | College Point | NY | 11356 | (718) 670-7900 | rick_rosenspire@emcorgroup.com |
| Corporate Electric Group, Inc. | 14-34 110th Street - Suite 201 | College Point, NY | NY | 11356 | (718) 886-8400 | hrosario@corporateelectricgroup.com |
| Architectural Fiberglass Corp. | 1395 Marconi Blvd. | Copiague | NY | 11726 | (631)842-4772 | sales@afcornice.com |
| Seal Reinforced Fiberglass, Inc. | 19 Bethpage Road | Copiague | NY | 11726 | (631)842-2230 | sealrf@optonline.net |
| Wm. Erath & Son, Inc. | 4 Reith Street | Copiague | NY | 11726 | 631-842-2244 | |
| Absolutely Clean Environment, Inc. | 53 Orleabs Green | Coram | NY | 11727 | 516-644-3253 | |
| Highland Tank | 134 Wedgewood Drive | Coram | NY | 11727 | (631)473-0599 | rryan@highlandtank.com |
| ServPro of Midtown Manhattan | 501 Middle Country Road | Coram | NY | 11727 | | |
| Pardy & Sons Construction | 33-13 102nd Street | Corona | NY | 11368 | (718)803-9015 | pardysonsconstruction@yahoo.com |
| Lawrence P. Gorman & Associates | 2105 VanStan Rd PO box 1015 | Cutchogue | NY | 11935 | | |
| Champion Metal & Glass | 45 Industry Court | Deer Park | NY | 11729 | 631-254-2560 | behzad@championmetalglass.com |
| DiFazio Electric Inc. (Deer Park) | 711 Grand Blvd. | Deer Park | NY | 11729 | 631.667.2200 | adifazio@difazioelectric.com |
| Dovin Construction Co., Inc. | 899 Long Island Avenue | Deer Park | NY | 11729 | (631) 586-1900 | RobertL@dovinco.com |
| Environmental Energy | 120 C East Jeffryn Blbd | Deer Park | NY | 11729 | 631-243-1116 | fpc18@msn.com |
| Heritage Mechanical Services, Inc. | 305 Suburban Avenue | Deer Park | NY | 11729 | 631-667-1044 | jim_smith@emcorgroup.com |
| Industrial Mechanical & Controls | 120 A Brook Avenue | Deer Park | NY | 11729 | (631)392-1244 | lcamacho@ny-imc.com |
| KND Licensed Electrical Contracting | 50 C Brook Avenue | Deer Park | NY | 11729 | 631-242-1708 | krissy@kndelectric.com |
| MD Constructors, LLC. | 711 Grand Blvd | Deer Park | NY | 11729 | 631-667-2200 | |
| Modern Furniture Manufacturing Company, LLC | 181-C East Industry Court | Deer Park | NY | 11729 | 631-243-6266 | |
| Premium Supply Co. | 960 Grand Boulevard | Deer Park | NY | 11729 | (631) 586-2477 | herb@premiumsupply.com |
| RISA Management Corp. | 725 Acorn Street | Deer park | NY | 11729 | (631)254-5957 | savi@risacorp.com |
| Smith McCord Inc. | 44-M Jefryn Blvd. West | Deer Park | NY | 11729 | 631-242-6632 | smith.mccordinc@verizon.net |
| U.S. Recreation, Inc. | 3 Lucon Drive | Deer Park | NY | 11729 | (631) 242-8444 | |
| Basano Contracting, Inc. | 1431 Carll`s Straight Path | Dix Hills | NY | 11746 | 631-864-4296 | BASANO11746@YAHOO.COM |
| FMK Technical Support Systems | 16 New Jersey Street | Dix Hills | NY | 11746 | (631)242-9119 | nike@fmkgroup.com |
| Special Testing & Consulting, LLC. | 43 Kinsella Street | Dix Hills | NY | 11746 | (631)242-5606 | |
| DiFazio Electric NY, Inc. | 42-24 Douglaston Pkwy. | Douglaston | NY | 11363 | (718)225-2100 | vstriano@difazioelectric.com |
| Airflex Industrial, Inc. | 965 Conklin Street | E. Farmingdale | NY | 11735 | (631) 752-1234 | sales@airflexind.com |
| Urban Foundation/Engineering, LLC | 32-33 111th St., PO Box 690158 | East Elmhurst | NY | 11378 | 718-478-3021 | tmazzo@urbanfe.com |
| PierTech | 1900 Hempstead Tpke., Suite 415 | East Meadow | NY | 11554 | (516)222-5105 | |
| A.M. Marca, Inc. | 361 Newbridge Rd. | east medow | NY | 11554 | (516)783-7117 | |
| Fritch Construction Co., Inc. | 2 Railroad Avenue | East Northport | NY | 11731 | (631)757-5702 | fcc@fritchconstruction.com |
| Island Pump & Tank Corp. | 40 Doyle Court | East Northport | NY | 11731 | 631-462-2226 | frankd@islandpumpandtank.com |
| Jordan Panel Systems | 196 Laurel Road | East Northport | NY | 11731 | 631-754-4900 | info@jordanpanel.com |
| Darcon Inc. | 360 Meacham Ave. | Elmont | NY | 11003 | (516) 358-2533 | darcon-ang@msn.com |
| LJC Dismantling | 415A Meacham Avenue | Elmont | NY | 11003 | 516-488-3883 | ljcdismantling@cs.com |
| Meridian Technologies, Inc. | 700 Elmont Road | Elmont | NY | 11003 | (516)785-1000 | d.shay@meridian-tech.com |
| Renacer Enterprises, Inc. | P.O. Box 030544 | Elmonto | NY | 11003 | 516-354-1639 | renacerinc@aol.com |
| JC Ryan EBCO | 1800 New Highway | Farmindale | NY | 11735 | 631-694-0008 | |
| Material Testing Lab, Inc. | 145 Sherwood Avenue | Farmindale | NY | 11735 | 631-815-1900 | jerryd@material-testing.com |
| P&L Marble Inc. | 115 Allen Boulevard | Farminddale | NY | 11735 | (631)752-7280 | scott.mcpherson@plmarbleinc.com |
| Aalco Rigging | 1100 Fulton Street | Farmingdale | NY | 11735 | (631)420-9000 | andy@aalco.net |
| Cerco Products Inc. | 80 Sherwood Avenu | Farmingdale | NY | 11735 | (631)249-9299 | |
| Cirocco & Ozzimo, Inc. | 125 Verdi Street | Farmingdale | NY | 11735 | 631-847-0185 | tcirocco@ciroccoandozzimo.com |
| Competition Architectural Metals, Inc. | 50 Boening Plaza | Farmingdale | NY | 11735 | (631)756-5700 | ds@competitionmetals.com |
| Dart Mechanical Corp. | 74 Marine Street | Farmingdale | NY | 11735 | 631-420-9797 | |
| Ferrandino & Son, Inc. | 84 Toledo Street | Farmingdale | NY | 11735 | 631- 844- 1540 | bstasio@ferrandinoandson.com |
| Marjam - Long Island | 885 Conklin Street | Farmingdale | NY | 11735 | 631-249-4900 | jimg@marjam.com |
| Metpar Corp. / Met Sales And Installations Corp | 68 Rome Street | Farmingdale | NY | 11735 | (631)390-8585 | metsalesjs@optonline.net |
| MT Group - Material Testing Lab, Inc. | 145 Sherwood Avenue | Farmingdale | NY | 11735 | (631)815-1900 | rachell@materials-testing.com |
| P.C. Richard & Sons | 150 Price Parkway | Farmingdale | NY | 11735 | 631-843-4444 | mike@pcrichard.com |
| Pabco Construction Corp. | 157 Gazza Blvd. | Farmingdale | NY | 11735 | 631-293-6860 | phil@pabcoconst.com |
| Printing & Office Products | 20 Dubon Court | Farmingdale | NY | 11735 | (631)249-5588 | |
| Ruttura & Sons Construction Co., Inc. | 165 Sherwood Avenue | Farmingdale | NY | 11735 | 631-454-0291 | ruttura.ruttura@verizon.net |
| S & J Entrance & Window | 174 Marine Street | Farmingdale | NY | 11735 | 631-845-7033 | |
| S&J | 174 Marine Street | Farmingdale | NY | 11735 | 631-845-7033 | |
| Secure Shred, LLC | 55 Toledo Street | Farmingdale | NY | 11735 | 631-777-1330 | |
| Trio Testing Corp. | 63 Rome Street | Farmingdale | NY | 11735 | (631)531-9777 | triotesting@aol.com |
| United Wood Tank Corporation | 242 C Route 109 | Farmingdale | NY | 11735 | (516) 694-4405 | unitedwoodtank@optimumonline.net |
| Viccaro Equipment | 60 Gazza Blvd | Farmingdale | NY | 11735 | 516-756-0480 | |
| F&F Roofing Company | 311 Jericho Tpke. | Floral Park | NY | 11001 | (516) 352-6677 | |
| Langdale Plumbing Supply, Inc. | 574 Cherry Lane | Floral Park | NY | 11001 | 516-488-7776 | noam@langdaleps.com |
| NOVA Consulting & Engineering, LLC | 266 Jericho Turnpike, Suite LL2 | Floral Park | NY | 11001 | (718)343-4440 | mmolina@nova-northeast.com |
| A2Z Deco | 71-32A Main Street | Flushing | NY | 11367-2023 | 718-520-1400 | aherzberg@a2zdeco.com |
| Advantage Printing, Inc. | 78-38 Parsons Boulevard | Flushing | NY | 11366 | (718)820-0688 | joyce@advantages.com |
| Corona Equipment Co., Inc. | 42-14 College Point Blvd. | Flushing | NY | 11355 | 718-445-4990 | |
| Crystal Windows & Door Systems, Ltd. | 31-10 WHITESTONE EXPRESSWAY | FLUSHING | NY | 11354 | (718)961-7300 | info@win-door.com |

| Vendor Name | Address | City | State | Zip | Main Telephone | Main Email |
|---|---|---|---|---|---|---|
| Feinstein Iron Works | 126-85 Willets Point Boulevard | Flushing | NY | 11368 | 718-899-8300 | eng@feinsteinironworks.com |
| Industry Advancement Program of the Building Contractors Association | 141-57 Northern Blvd. | Flushing | NY | 11354 | | |
| Ken Konfong-GRAINGER | 40-22 College Point Blvd | Flushing | NY | 11354 | 718-358-7100 | |
| LES Design Corp. | 131-53 41st. Ave | Flushing | NY | 11355 | (718)762-5553 | |
| LIVINGSTON ELECTRICAL ASSOC., INC. | 162-20 77TH ROAD | FLUSHING | NY | 11366 | (718)969-2700 | |
| Livingston/Darby Enterprises | 162-20 77th Road | Flushing | NY | 11366 | 718-969-2700 | danlivingston@livingstonelectrical.com |
| Local 14 Operating Engineer | 141-57 Northern Blvd | Flushing | NY | 11354 | 718-939-0919 | |
| Merritt Engineering | 28-08 Bayside Lane | Flushing | NY | 11358 | 718-767-0923 | noemail@aol.com |
| Metralite Industries, Inc. | 132-70 34th Avenue | Flushing | NY | 11354 | 718-961-1770 | metraliteindustries@verizon.net |
| Michael Cinamon | 40-22 College Point Blvd | Flushing | NY | 11354 | (718)358-7100 | |
| Ovan Construction Corp. | 107-50 Guy R. Brewer Blvd. | Flushing | NY | 11433 | (718)291-1981 | ovanconstruction@cs.com |
| Raw Equipment Building Materials Corp. | 2800 College Point Blvd | Flushing | NY | 11354 | 718-461-2200 | |
| Recon Construction Corp. | 42-12 192nd Street | Flushing | NY | 11358 | (718)939-1305 | reconCorp@aol.com |
| Time Warner Cable Business Class | 41-61 Kissena Blvd | Flushing | NY | 11355-3189 | 877-227-8711 | |
| Tully Construction Co., Inc. | 127-50 Northern Blvd. | Flushing | NY | 11368 | 718-446-7000 x291 | mlago@tullyconstruction.com |
| Unique Signs & Designs Inc. | P.O. Box 660093 | Flushing | NY | 11366 | (718)380-9629 | |
| United Steel Products, Inc. | 33-40 127th Place | Flushing | NY | 11368 | 718-478-5330 | PAUL@unitedsteelproducts.com |
| Unity Electric Co., Inc. | 65-45 Fresh Meadow Lane | Flushing | NY | 11365 | 718-539-4300 | tamberger@unityig.com |
| Abramov Engineering, LLC | 67-40 Booth Street, #6C | Forest Hills | NY | 11375 | (718)830-0027 | t.abramov-lewon@att.net |
| Ben Allen Construction Consulting | 99-07 74th Ave | Forest Hills | NY | 11375 | (718)575-5160 | |
| C.R. Specialties | 6120 Grand Central Parkway | Forest Hills | NY | 11375 | (718) 271-0679 | crothe9@aol.com |
| Executive Liquidation | 110-45 Queens Blvd #514 | Forest Hills | NY | 11375 | 718-577-1901 | |
| Muss Brooklyn Development Corp | 118-35 Queens Blvd 16th Floor | Forest Hills | NY | 11375 | 718-263-3800 | |
| Resplandecer Inc | 672 Dogwood Ave, Suite 174 | Franklin Square | NY | 11010 | | |
| Sapienza Construction, Inc. | 744 Caryl Street | Franklin Square | NY | 11010 | (516) 538-8602 | sapienzaconst@aol.com |
| Your T-Shirt Co. | 1136 Arlington Ave | Franklin Square | NY | 11010 | 516-358-1970 | |
| Knickerbocker Partitons | 193 Hanse Ave. | Freeport | NY | 11520 | 516 546-0550 ext 119 | robertghart@msn.com |
| Melto Metal Products Co. Inc. | 37 Hanse Avenue | Freeport | NY | 11520 | 516-546-8866 | juan@meltometalproducts.com |
| Fresh Meadow Mechanical Corp. | 65-01 Fresh Meadow Lane | Fresh Meadows | NY | 11365 | 718-961-6633 | mfr@fmmcorp.com |
| Belrose Fire Suppression, Inc | 91-A Commercial Ave. | Garden City | NY | 11530 | 516-280-7255 | |
| Checker Glass Corporation | PO Box 7242 | Garden city | NY | 11530 | 516-294-8818 | |
| Coffee Distributing | P.O. Box 766 | Garden City | NY | 11040 | 212-262-2233 | sales@cdcoffee.com |
| HTSny | 1010 Franklin Ave Suite 309 | Garden City | NY | 11530 | 516-747-9477 | |
| Sirina Fire Protection | 151 Herricks Road | Garden City | NY | 11040 | 516-942-0400 | mallgeier@sirinafire.com |
| The Teiber Group, LLC | 377 Oak Street | Garden City | NY | 11530-0601 | 516-745-0800 | |
| Tri-Tech Communications INC. | 625 Locust Street | Garden City | NY | 11530 | (631)254-4500 | |
| Tri-Tech Communications Inc. | 625 Locust Street | Garden City | NY | 11530 | (631)254-4500 | |
| Elite Elevator Cab, Inc. | 118 Fulton Avenue | Garden City Park | NY | 11040 | (516) 248-7878 | Doug@elitecabs.com |
| Elmont Glass Co. | 2145 Jericho Turnpike | Garden City Park | NY | 11040 | 516-248-8860 | gleng@elmontglass.com |
| Martin Associated Inc. | 6 Denton Avenue South | Garden City Park | NY | 11040 | 516-248-1234 | pb@martub-hvac.com |
| Sound Refrigeration and Air Conditioning | 58 Old Stewart Avenue | Garden City Park | NY | 11040 | 516-747-5678 | aweiss@soundac.com |
| Nicholson & Galloway, Inc | 261 Glen Head Rd | Glen Head | NY | 11545 | 516-671-3900 | TomC@nicholsonandgalloway.com |
| B.P. Air Conditioning Corp. | 83-40 72nd Drive | Glendale | NY | 11385 | 718-383-2100 | |
| Christine Painting, Inc. | 68-03 COOPER AVENUE | GLENDALE | NY | 11385 | (718)344-3186 | christinepainting@msn.com |
| Glenridge Fabricators, Inc. | 79-45 77th Avenue | Glendale | NY | 11385 | (718) 456-2297 | GFISteel@aol.com |
| On-Trac Construction Associates, Inc. | 88-60 Myrtle Avenue | Glendale | NY | 11385 | 718-441-6717 | iartale@on-tracconstruction.com |
| Seiko Ironworks | 79-45 77th Avenue | Glendale | NY | 11385 | (718)456-2297 | gfisteel@aol.com |
| Central Park Contracting | 420 Northern Blvd. Suite 201 | Great Neck | NY | 11021 | | |
| Chelmsford Contracting Corp. | 295 Northern Boulevard | Great Neck | NY | 11021 | 516-466-3150 | goapco@gmail.com |
| Chen Engineering Services , P.C. | 28 Deepdale Drive | Great Neck | NY | 11021 | | |
| Total Electrical Construction Co., Inc. | 230 Green Street | Greenpoint | NY | 11222 | 718-361-8402 | totalmbe@verizon.net |
| Innovative Marble & Tile, Inc. | 130 Motor Parkway | Hauppage | NY | 11788 | 631-273-4445 | info@imtstones.com |
| Lynbrook Glass | 941 Motor Parkway | Hauppage | NY | 11788 | 631-582-3060 | larry@lynbrookglass.com |
| Mason Technologies, Inc. | 33 Ranick Rd., Suite 1 | Hauppage | NY | 11788 | (631)234-6565 | jlazarus@masontechnologiesinc.com |
| All Craft Fabricators | 150 Wireless Boulevard | Hauppauge | NY | 11788 | 631-951-4100 | |
| Avon Electrical Supplies, Inc. | 60 Hoffman Avenue | Hauppauge | NY | 11788 | (631)582-4770 | |
| Budco Enterprises | 145 Plant Avenue | Hauppauge | NY | 11788 | (631)434-6500 | |
| Data Shredding Service | One Corporate Drive | Hauppauge | NY | 11788 | 631-231-1319 | |
| Donaldson Interiors, Inc. | 150 Wireless Boulevard | Hauppauge | NY | 11788 | 6319520800 | jmiller@donaldsonorganization.com |
| Fire Systems, Inc. | 275 Marcus Blvd., Suite H | Hauppauge | NY | 11788 | (631)273-3362 | pete.buonaiuto@firesystemsinc.com |
| Forecast Consoles, Inc. | 681 Old Willets Path | Hauppauge | NY | 11788 | 631-253-9000 | |
| Premier Utility Services, LLC | 100 Marcus Blvd, Suite 3 | Hauppauge | NY | 11778 | | |
| Nastasi & Associates Inc. | 500 Wheeler Road | Hauppaugh | NY | 11788 | (516) 746-1800 | john@nastasi-associates.com |
| Anchor Security & Investigations Inc. | One Fulton Avenue # 14 | Hempstead | NY | 11550 | (516) 481-6800 | mboone@anchorsec.com |
| Construction & Realty Safety Group | 250 Fulton Avenue - Suite 503 | Hempstead | NY | 11550 | 516-565-3560 | ronl@crs-group.com |
| Ext. Wall & Build Con. | 250 Fulton Avenue - Ste. 503 | Hempstead | NY | 11550 | 516-565-3560 | ronl@crs-group.com |
| The Green Group USA | 50 Clinton Street, Suite 206 | Hempstead | NY | 11550 | (516)292-2577 | ygreen2@thegreengroupusa.com |
| Top Hat Uniform, Inc | 49 North Franklin Street, Suite LL | Hempstead | NY | 11550-3810 | 212-772-0047 | |
| Town Of Hemstead | 1 Washington Street | Hempstead | NY | 11550 | 516-489-5000 | |
| Bel-Air Electric Construction, Inc. | 30 STEWART STREET | HEWLETT | NY | 11557 | (516)593-6241 | Eti@belairelectric.com |
| ABCO Peerless Corp. | 50 Midland Avenue | Hicksville | NY | 11801 | 516-294-6850 | cdermody@abcopeerless.com |
| Allied Building Products | 1 Enterprise Place | Hicksville | NY | 11801 | 516-733-2900 | |
| Almar Plumbing & Heating Corp | 50 Bethpage Road | Hicksville | NY | 11801 | 516-740-5900 | larryjr.martino@almarplumbing.com |
| Avon Datacom | 58 Bethpage Road | Hicksville | NY | 11801 | 516-393-2550 | bcelona@avondata.com |
| Control Solutions Group, Inc. | 32 Holman Blvd. | Hicksville | NY | 11801 | (516) 358-2405 | m.ryzyk@gotocsg.com |
| L&L Painting Co., Inc. | 900 South Oyster Bay Road | Hicksville | NY | 11801 | 516-349-1900 | robertb@llpaint.com |
| L&L Stone & Tile, LLC | 900 Oyster Bay Road | Hicksville | NY | 11801 | 516-349-1900 | |
| LI Marketing Concepts & Technology Inc. | 100-D Tec Street | Hicksville | NY | 11801 | (516) 933-7900 | phil@limct.com |
| Lincoln Computer Services | 25 Bloomingdale Road | Hicksville | NY | 11801 | 516-520-6463 | |
| Metric Consulting & Inspection | 21 Louis Street | Hicksville | NY | 11801 | (516)547-2703 | donnap@metricconsulting.com |
| P&S Industries Ltd. | 14 Holman Boulevard | Hicksville | NY | 11801 | (516) 935-1149 | psindltd@aol.com |
| Signarts and Display Inc | 3 Burns Ave | Hicksville | NY | 11801 | 516 470 1887 | |
| Universal Stone & Tile, Inc. | 12 Commercial Street | Hicksville | NY | 11801 | 516-433-5941 | mhauser@universalstone.us |
| Williams Specialized, Inc | One Enterprise Place | Hicksville | NY | 11801 | 516-822-9444 | |
| Certified Interiors | 25 Andrea Rd. | Holbrook | NY | 11741 | 631-225-1300 | jack@certifiedinteriors.com |
| Continental Marble, Inc. | 13-61 Lincoln Avenue, Unit #2 | Holbrook | NY | 11741 | 631-285-7265 | tom@continentalmarble.com |
| Crystalizations Systems, Inc. | 1401 Lincoln Avenue | Holbrook | NY | 11741 | 631-467-0090 | |
| CSCE Services, Inc. | 1361 Lincoln Avenue - Suite 2A | Holbrook | NY | 11741 | 631-285-7255 | |
| Farley Sales Installations | 1180-9 Lincoln Avenue | Holbrook | NY | 11741 | 631-218-8288 | |
| Holbrook Plastic Pipe Supply, Inc | 790 Grundy Ave | Holbrook | NY | 11741 | (631)588-6880 | |
| Nemschick Silverman Architects P.C. | 4250 VETERANS MEMORIAL HIGHWAY, WEST WING-SUITE 2020 | HOLBROOK | NY | 11741 | | |
| H.O. Penn Machinery Co., Inc | 660 Union Avenue | Holtsville | NY | 11742 | 631-654-4431 | jcallahan@hopennmachinery.com |
| Artisan Graphic Group | 177 East 2nd Street | Huntington Station | NY | 11746 | (631) 673-8800 | |
| Donaldson Traditional | 199 Broadway | Huntington Station | NY | 11746 | (631)549-1338 | chris@donaldsontraditional.com |
| JH Electric of NY | 1 Detroit Road | Huntington Station | NY | 11746 | 516-624-6969 | |
| Restor Technologies, Inc. | 16 Norden Lane | Huntington Station | NY | 11746 | 631-385-8400 | restor16@aol.com |
| Vaire LLC | 200-34 East Second St. Suite #34 | Huntington Station | NY | 11746 | | |
| S.R.G. Construction Consulting Corp | 4454 Austin Blvd. | Island Park | NY | 11558 | 516-431-2810 | srg51@mac.com |
| The Hallen Construction Co., Inc. | 4270 Austin Blvd. | Island Park | NY | 11558 | 516-432-8300 | pambrosio@hallenconstruction.com |
| CBS Technologies | 2990 Express Drive South | Islandia | NY | 11749 | (631)582-3200 | |
| Fontana Metal Sales | 3120 Expressway Drive South | Islandia | NY | 11749 | 631-231-7030 | elliot@fontanametalsales.com |
| Minelli Construction Co., Inc. | 300 Corporate Plaza | Islandia | NY | 11222 | (631)232-0222 | jos@milelliconstruction.com |
| ROUX Associates | 209 Shaffer Street | Islandia | NY | 11749 | (631)232-2600 | dmoss@rouxinc.com |
| Pride Equipment Corp. | 150 Nassau Avenue | Islip | NY | 11751 | (631)224-5000 | |
| ALZA CONSTRUCTION CORPORATION | 146-20 GUY R BREWER BLVD | Jamaica | NY | 11434 | (718)276-2600 | tom@alzaconstruction.com |
| Aurora Electric, Inc. | JFK Int. Airport Building 141 1st Floor | Jamaica | NY | 11430 | (718) 371-0385 | vrose@auroraelectric.org |
| Capitol Awning | 105-15 180th Street | Jamaica | NY | 11433 | 718-454-6444 | steve@capitolawning.com |
| Cardoza Plumbing Corporation | 92-26 180th Street | Jamaica | NY | 11433 | 718-523-7900 | cardoza@cardozaplumbingcorp.com |
| Deutscher & Daughter | 105-07 150th Street | Jamaica | NY | 11435 | 718-291-5600 | jdot@verizon.net |
| Gorlyn I.T. Management | 118-56 222nd street | Jamaica | NY | 11411 | 718 977 9224 | mhyacint@gorlyn.com |
| L & B Construction NY, Inc. | 148-25 94 Avenue | Jamaica | NY | 11435 | (718)523-3700 | laksingh@verizon.net |
| Malatesta Paladino | 139-19 109th Avenue | Jamaica | NY | 11435 | 718-523-5656 | malpalinc@aol.com |
| Metrotech Contracting Corp. | 95-01 Brisbin Street | Jamaica | NY | 11435 | 718-523-1749 | jpavone@metrotechcontracting.com |
| Professional Touch Painting, Inc. | 170-23 93rd Avenue | Jamaica | NY | 11433 | (718)526-6175 | professional1170@aol.com |
| Tec-Crete Transit Mix Corp. | 180-25 Liberty Avenue | Jamaica | NY | 11433 | (718)657-6880 | teccrete@aol.com |
| American Safety Consultant | 390 North Broadway | Jericho | NY | 11753 | 516-733-9264 | |
| Hirani Engineering & Land Surveying, P.C. | 30 Jericho Executive Plaza, Suite 200C | Jericho | NY | 11753 | 516-248-1010 | mlatif@hiranigroup.com |
| Image Lighting | 350 Jericho Turnpike | Jericho | NY | 11753 | 516-938-1900 | |
| Cambell and Dawes, Ltd. | 84-48 129th Street | Kew Gardens | NY | 11415 | 718-441-6300 | |
| Windsor Electrical Contracting, Inc. | 116-03 Metropolitan Avenue, Suite 201 | Kew Gardens | NY | 11418 | (718)850-6523 | windsore@aol.com |
| Honeywell, Inc. | 1979 Marcus Avenue, Suite E-137 | Lake Success | NY | 11042 | (516) 302-9400 | robert.rousseau@honeywell.com |
| Local 282 Teamsters | 2500 Marcus Avenue | Lake Success | NY | 11042 | 718-343-3322 | |
| A. Russo Wrecking, Inc. | 67 EAST AVENUE | Lawrence | NY | 11559 | (718)978-5600 | ann@arussowrecking.com |
| American Lampecht Inc | 700 Rockaway Turnpike | Lawrence | NY | 11559 | 516-239-0844 | |
| K.P. Signs | 18 Wolcott Road | Levittown | NY | 11756 | 516-520-6510 | kpsigns@msn.com |
| Antovel-Gelberg Painting | 21-52 45th Avenue | LIC | NY | 11101 | 718-937-3520 | |
| Ess & Vee Acoustical & SBA Plumbing | 23-30 50th Avenue | LIC | NY | 11101 | (718)786-1100 | |
| Manhattan Demolition | 8-16 43rd Ave. | LIC | NY | 11101 | 718-361-0397 | |
| American Building Contractors Associates | 805 Albin Ave. | Lindenhurst | NY | 11757 | (631)587-0928 | joecole@abassociates.com |
| Velis Associates | 151 South 14th Street | Lindenhurst | NY | 11757 | (631) 225-4220 | Rafael@velis.com |
| Marlarm Security Systems Inc | 303 West Park Avenue | Long Beach | NY | 11561 | (516) 431-9000 | info@marlarm.com |
| R & J Construction Corp. | 4435 Austin Blvd. | Long Beach | NY | 11558 | 516-432-6900 | mjoseph@randjconstruction.com |
| Ronsco Electric, Inc. | P. O. Box 388 | Long Beach | NY | 11561 | (516)897-8703 | rjg156@aol.com |
| Restoration By Costikyan | 28-13 14th Street | Long Island | NY | 11102 | (718) 726-1090 | phillipc@costikyan.com |
| 711 New York Painting & Decorating | 41-12 24TH STREET | Long Island City | NY | 11101 | 718-784--7775 | nypainting@aol.com |
| A.D. Winston Corporation | 43-15 36th Street | Long Island City | NY | 11101 | 718-786-7848 | condon@adwinstoncorp.com |
| AM Electric JV | 41-41 24th Street | Long Island City | NY | 11101 | 718-371-0389 | vrose@auroraelectric.org |
| American Elevator & Machine Corp. | 32-26 31st street | Long Island City | NY | 11106 | 718-784-0101 | m.hoover@amerelv.com |
| American Spirit Associated Services | 10-01 37th Avenue | Long Island City | NY | 11101 | | |
| Americore Drilling & Cutting, Inc. | 12-11 38th Avenue | Long Island City | NY | 11101 | | |

| Vendor Name | Address | City | State | Zip | Main Telephone | Main Email |
|---|---|---|---|---|---|---|
| ARK SYSTEMS ELECTRIC CORP | 27-08 42ND ROAD | Long Island City | NY | 11101 | (718)482-3922 | arkelectric@arkelectric.com |
| Bay Crane | 11-02 43rd Ave | Long Island City | NY | 11101 | | |
| BNG CONSTRUCTION INC | 14-44 30TH ROAD | LONG ISLAND CITY | NY | 11102 | (718)956-6325 | bngconst@msn.com |
| Call Electric Co. | 35-21 Ninth Street | Long Island City | NY | 11106 | 718-932-5344 | |
| CCTV Security Services | 41-23 39th Street | Long Island City | NY | 11104 | (718)937-0444 | wynn@cctvsecurityltd.com |
| Centennial Elevator Co. | 23-82 B.Q.E West | Long Island City | NY | 11103 | (718) 726-5900 | gcatanzaro@centennialelevator.com |
| Century Elevator Maintenance Corp. | 25-25 49th St. | Long Island City | NY | 11103 | 718-937-6200 | bca9centurymax@aol.com |
| CGI Northeast Inc. | 11-20 37th Avenue | Long Island City | NY | 11101 | | |
| Citi Quiet Windows | 11-11 43rd Road | Long Island City | NY | 11101 | (718)752-0490 | syounger@citiquiet.com |
| Colonial Elevator Corp. | 22-50 Jackson Avenue | Long Island City | NY | 11101 | 718-786-7185 | colonialmc@nyc.rr.com |
| Commercial Electric | 10-28 47th Avenue | Long Island City | NY | 11101 | 718-784-3500 | Slondof@cecny.com |
| Computer Cool Ice Age Mechanical Corp | 4546 11th Street | Long Island City | NY | 11101 | 718-472-4400 | stephens@cciamechanical.com |
| Computer-Site AC & Fire Protection, Inc. | 31-00 47th Avenue 2nd Floor | Long Island City | NY | 11101 | (212)645-4300 | |
| Danco Electric Contractor, Inc. | 40-17 24 Street | Long Island City | NY | 11101 | 718-609-9256 | dannyr@dancoelec.com |
| Deboccia Electrical Construction Corp. | 36-16 38th Street | Long Island City | NY | 11101 | 718-343-1570 | derosa4deboccia@optline.net |
| Delta Sheet Metal Corp. | 39-35 Skillman Avenue | Long Island City | NY | 11101 | | |
| Deol Electrical Contractors, Inc. | 27-14 39th Avenue | Long Island City | NY | 11101 | 718-706-9613 | |
| DFB Sales, Inc. | 21-07 Borden Avenue | Long Island City | NY | 11101 | (800) 433-4546 | kend@dfbsales.com |
| Dierks Heating Company, Inc. | 43-32 33rd Street | Long Island City | NY | 11101 | 718-784-0246 | hdierks@dierksheating.com |
| Dunlop Mastclimbers LTD | 25-20 Borden Avenue | Long Island City | NY | 11101 | 718-729-3092 | |
| Dynamic Fire Systems | 37-14 13th Street | Long Island City | NY | 11101 | 718-472-4900 | cfire532@aol.com |
| E.J. Electric Installation Co. | 46-41 Vernon Blvd. | Long Island City | NY | 11101 | 718-786-9400 | mjackson@ej1899.com |
| Eagle Air Limited | 41-41 24th Street | Long Island City | NY | 11101 | 718-729-5840 | ldellapolla@eagleairltd.com |
| Ebony Office Products | 10-17 44th Avenue | Long Island City | NY | 11101 | (718)706-8200 | info@ebonyproducts.com |
| EJ Electric Installation Company | 46-41 Vernon Boulevard | Long Island City | NY | 11101 | (718)786-9400 | mjackson@ej1899.com |
| Emcor Services | 24-37 46th Street | Long Island City | NY | 11103 | (718)392-7300 | frank_cooney@emcorgroup.com |
| Empire City Iron Works | 10-37 46th Road | Long Island City | NY | 11101 | 718-361-0100 | hheffner@empirecityiw.com |
| Ewell W. Finley, P.C. | 34-18 Northern Boulevard, 4th Floor | Long Island City | NY | 11101 | (718)482-7000 | robert.seidel@ewfpc.com |
| Garcia Marble & Tile, Inc. | 18-59 Ditmars Blvd. | Long Island City | NY | 11105 | 718-932-5141 | |
| Gateway Electrical Group, LLC. | 11-02 37th Ave | Long Island City | NY | 11101 | (718)472-0011 | wmiller@gatewayelectricgroup.com |
| GDO Contracting Corp. | 41-41 24th St., 3rd Floor | Long Island City | NY | 11101 | 718-361-1513 | gdocontg@verizon.net |
| Gotham Air Conditioning Service Inc | 24-37 46th Street | Long Island City | NY | 11103 | (718) 392-7300 | frank_cooney@emcor.com |
| Green Mountain Graphics | 21-10 44th Drive, PO Box 1417 | Long Island City | NY | 11101 | (718) 472-3377 | |
| H & L Electric | 41-11 28th Street | Long Island City | NY | 11101 | 718-361-6400 | mborman@hlelectric.com |
| Hallen Welding Service | 45-24 37th Street | Long Island City | NY | 11101 | 718-784-1730 | email@hallenco.com |
| Heckler Electric Company Inc. | 10-29 44th Road | Long Island City | NY | 11101 | 718-361-2900 | heco1029@aol.com |
| Henick-Lane, Inc. | 45-39 Davis Street | Long Island City | NY | 11101 | 718-786-7277 | airizary@henick-lane.com |
| High-Rise Hoisting & Scaffolding | 2520 Borden Avenue | Long Island City | NY | 11101 | 718-786-5250 | linton@highrisehoist.com |
| High-Tech Electrical Services Corp. | 36-33 23rd Street | Long Island City | NY | 11106 | 718-472-1034 | Lbenowich@HTESINC.com |
| I WEISS | 2-07 BORDEN AVENUE | LONG ISLAND CITY | NY | 11101 | (718)706-8139 | |
| JCC Construction Corp. | 24-02 39th Avenue | Long Island City | NY | 11101 | (718) 482-9600 | sue@jccconstruction.net |
| JDC Lighting | 47-07 32nd Place | Long Island City | NY | 11101 | 212-594-8869 | msoskel@jdclighting.com |
| Jennings Company | 40-46 28th Street | Long Island City | NY | 11101 | (718) 392-0825 | jenningscompany@verizon.com |
| Jim Weber & Associates | 36-10 13th Street | Long Island City | NY | 11106 | (718)361-5802 | jim.weber3@verizon.net |
| Jody Builders Corp. | 33-01 38 Avenue | Long Island City | NY | 11101 | (718)729-9819 | jg@ecocontractors.com |
| K.G. Industries, Inc. | 27-08 42nd Road | Long Island City | NY | 11101 | 718-433-2211 | cj@kgind.com |
| Kiska Construction Corp. | 10-34 44th Drive | Long Island City | NY | 11101 | (718) 943-0400 | cihan_ayar@kiskagroup.com |
| Kone, Inc. | 47-36 36th Street | Long Island City | NY | 11101 | 718-361-7200 | eric.siren@kone.com |
| KSW Mechanical Services | 37-16 23rd Street | Long Island City | NY | 11101 | 718-361-6500 | vterraferma@ksww.com |
| Long Island Concrete | 44-35 Purvis Street | Long Island City | NY | 11101 | (718) 786-2793 | tperno@longislandconcrete.net |
| Lowy & Donnath, Inc. | 10-37 49th Avenue | Long Island City | NY | 11101 | 718-392-8222 | ajscala@lowyanddonnath.com |
| Mainco Elevator & Electrical Corp. | 5-25 51st Avenue | Long Island City | NY | 11101 | 718-786-3301 | nina@maincoelevator.com |
| Marathon Equipment Co. | 525 1st Avenue | Long Island City | NY | 11101 | 718-786-3301 | |
| Marble Techniques, Inc. | 26-01 1st Street | Long Island City | NY | 11102 | 718-204-5001 | ekavazis@yahoo.com |
| Matrix Mechanical Corp. | 47-15 35th Street | Long Island City | NY | 11101 | 718-707-0900 | danielleb@matrixmechanical.com |
| Melva Construction Corp. | 3623 23rd St | Long Island City | NY | 11106 | (718)482-1932 | |
| Metroclean Express | 53-01 Vernon Blvd. | Long Island City | NY | 11101 | | |
| Michael Mazzeo Electric Corp. | 41-24 24th Street | Long Island City | NY | 11101 | 718-361-0306 | gmoloney@mmazzeo.com |
| Michael Mazzeo Electric Corp. JV/AM Electric/WBE | 41-24 24th Street | Long Island City | NY | 11101 | 718-361-0306 | gmoloney@mmazzeo.com |
| Midtown Fire Sprinkler Corp. | 10-40 Borden Avenue | Long Island City | NY | 11101 | 718-729-3004 | |
| MJC Electric Inc. | 10-11 46th Avenue | Long Island City | NY | 111101 | 718-784-1111 | |
| Murray Hill Painting Co., Inc. | 10-29 48th Street | Long Island City | NY | 11101 | (718)482-7575 | |
| National Roofing Corporation | 37-25 24th Street | Long Island city | NY | 11101 | 718-752-0785 | Bruce@nationalroofingcorp.net |
| New York Protection Controls, Inc. | 10-16 34th Avenue | Long Island City | NY | 11106 | (718-932-6720 | nypc14@aol.com |
| Northern Bay Contractors | 37-38 13th Street | Long Island City | NY | 11101 | 718-937-2420 | bidding@northernbaycontractors.com |
| Nunez Electric, Inc. | 32-14 Greenpoint Avenue | Long Island City | NY | 11101 | (718)786-6473 | nunezelectric@aol.com |
| Ohm Electrical Corp. | 39-40 21st Street | Long Island City | NY | 11101 | 718-482-7700 | |
| Orion Mechanical Systems | 11-02 37th Avenue | Long Island City | NY | 11101 | (718) 472-4800 | pvrankovic@orionmech.com |
| PAL Environmental Safety Corp. | 11-02 Queens Plaza South | Long Island City | NY | 11101 | (718) 349-0900 | dlyon@palcorp.com |
| Patrol & Guard Enterprise | 39-08 29th Street | Long Island City | NY | 11101 | 718-786-4471 | |
| Peepels Mechanical Corporation | 1027 Jackson Avenue | Long Island City | NY | 11101 | 718-784-4300 | dkatzen@peepels.com |
| PEI Systems, Inc. | 10-09 49th Avenue | Long Island City | NY | 11101 | 718-937-0500 | ray@peisystems.com |
| Petrocelli Electric | 22-09 Queens Plaza North | Long Island City | NY | 11101 | 718-752-2200 | s.mulvaney@petrocelli.com |
| Prem-Air | 43-24 21st Street | Long Island City | NY | 11101 | | |
| Prestige Industry Corp. | 45-42 Pearson Street | Long Island City | NY | 11101 | (718)609-0111 | prestigeindustry@aol.com |
| Professional Pavers Corp. | 4 Court Square | Long Island City | NY | 11101 | 718-784-7835 | noemail@aol.com |
| QuantumElectric Corp. | 36-24 34th Street | Long Island City | NY | 11106 | (718)784-9010 | rsobel@quantumec.com |
| Remco Maintenance Corp. | 47-30 35th Street | Long Island City | NY | 11101 | (212) 695-4000 | cycohen@myremco.com |
| Rosenwach Tank Co., LLC. | 40-25 Crescent Street | Long Island City | NY | 11101 | (718) 729-4900 | amr@rosenwachgroup.com |
| Safety Supplies Unlimited | 5 Court Square | Long Island City | NY | 11101 | 718-389-2103 | |
| SBA Plumbing | 23-30 50th Avenue | Long Island City | NY | 11101 | (718)786-1100 | bruce@essnvee.com |
| Shelbourne Construction | 44-02 23rd st Suite 306 | Long Island City | NY | 11101 | (718)392-6050 | |
| Sign Design Group of NY, Inc. | 33-24 Northern Boulevard | Long Island City | NY | 11101 | (718) 392-0779 | ron@sdgny.com |
| Skyline Restoration | 11-20 37th Street | Long Island City | NY | 11101 | 718-937-5353 | |
| SmartSource AV Rentals & Staging | 45-15 Barnett Avenue | Long Island City | NY | 11104 | 718-361-4540 | |
| Spieler & Ricca Electrical Co., Inc. | 52-09 Van Dam Street | Long Island City | NY | 11101 | (718) 392-4100 | lc@spielerandricca.com |
| Stellar Mechanical Services of NY | 10-01 37th Avenue | Long Island City | NY | 11101 | (718)349-0200 | |
| Stretchwall Installations, Inc. Div. of MechoShade Systems, Inc. | 42-03 35th Street | Long Island City | NY | 11101 | (718)729-2020 | glenb@mechoshade.com |
| Stuart Dean Company | 43-50 10th Street | Long Island City | NY | 11101 | 718.472.1326 | Rjanjua@stuartdean.com |
| Sugrue Contracting Corporation | 51-04 Vernon Blvd. | Long Island City | NY | 11101 | 718-937-3370 | psugrue@sugruecontracting.com |
| T.E.C. Systems Inc. | 54-08 Vernon Boulevard | Long Island City | NY | 11101 | 718-784-7955 | jarfman@tec-system.com |
| Tec Systems | 54-08 Vernon Blvd | Long Island City | NY | 11101 | 718-784-7955 | mschwartz@tec-system.com |
| Tectonic Engineering & Surveying Consultants P.C. | 29-16 40th Ave. | Long Island City | NY | 11101 | 914-260-1644 | |
| The New York Roofing Co. | 28-10 38th Avenue | Long Island City | NY | 11101 | 718-786-6363 | email@newyorkroofing.net |
| Trane Company | 45-18 Court Square | Long Island City | NY | 11101 | (718) 269-3600 | mitedesco@trane.com |
| Trucolor Technologies | 34-07 37th Avenue | Long Island City | NY | 11101 | 718-383-1919 | |
| Tuttle Roofing | 45-37 21st Street | Long Island City | NY | 11101 | 718-392-6832 | tuttle.roofing@verizon.net |
| Unique Comp Inc. | 27-08 42nd Road | Long Island City | NY | 11101 | 718-392-5100 | kpatel@uciny.com |
| United Air Conditioning Corporation | 52-16 34th Street | Long Island City | NY | 11101 | (718) 392-5622 | brubenstein@unitedac.com |
| United Hoisting & Scaffolding Corp. | 38-51 11th Street | Long Island City | NY | 11101 | (718) 786-3338 | petergrodziak@unitedhoisting.com |
| Uptown Electric, Inc. | 5-28 47th Road | Long Island City | NY | 11101 | 718-786-8210 | jmannino@uptownelect.com |
| Wade Electric, Inc. | 30-91 12th Street | Long Island City | NY | 11102 | 718-932-9233 | sshraga@wadeelectricinc.com |
| York Scaffold - Equipment Corp. | 37-20 Twelfth Street | Long Island City | NY | 11101 | 718-784-6666 | jbopp@yorkscaffold.com |
| Beer Associates | 300 Merrick Road, Suite #210 | Lynbrook | NY | 11563 | (516)593-2270 | beerconsul@aol.com |
| FCS Group LLC | 25 Hutcheson Pl | Lynbrook | NY | 11563 | 516-599-4100 | |
| Fire Craft | 51 North Prospect | Lynbrook | NY | 11563 | 516-256-2700 | firecraft@aol.com |
| Howard I.Shapiro & Associates | 303 Merrick Road (Suite 400) | Lynbrook | NY | 11563 | (516) 791-2600 | |
| Par Fire Protection | 60 North Prospect Avenue | Lynbrook | NY | 11563 | 516-887-4000 | llevine@parplumbing.com |
| Par Plumbing Company, Inc. | 60 North Prospect Aveune | Lynbrook | NY | 11563 | 516-887-4000 | repstein@parplumbing.com |
| Rael Automatic Sprinkler Co., Inc. | 601 Merrick Road | Lynbrook | NY | 11563 | 516-593-2000 | drafting@raelsprinkler.com |
| Signs of Success | 247 Merrick Road, Suite 101 | Lynbrook | NY | 11563 | | |
| SJ Electric | 228 Merrick Road | Lynbrook | NY | 11563 | 718-643-7274 | ramabile@sjeny.com |
| Sorbara Construction Corp. | 270 Broadway | Lynbrook | NY | 11563 | 516-887-5447 | sorbaracorp@aol.com |
| Winco Corporation | 7 New Street | Lynbrook | NY | 11563 | (516)887-5480 | csorbora@wincocorporation.com |
| Norman Glavas Architects | 162 Boulder Road | Manhasset | NY | 11030 | 516-365-5111 | office@nglavas.com |
| Prince Carpentry, Inc. | 1615 Northern Blvd, Suite 204 | Manhasset | NY | 11030 | 516-365-3232 | pc@princecarpentry.com |
| Sierra Consulting Group | 42 Bayview Avenue | Manhasset | NY | 11030 | 516-869-0729 | |
| J.P. Phillips Acoustics, Inc. | P.O. Box 1236 | Manhattan | NY | 11030 | (516) 365-3697 | jpmarkham@jpphillips.com |
| A.J. McNulty & Co., Inc. | 53-20 44th Street | Maspeth | NY | 11378 | (718) 784-1655 | larry@ajmcnulty.com |
| Alfa Piping Corp | 57-12 Grand Ave | Maspeth | NY | 11378 | (718)381-2525 | |
| ASM Mechanical Systems | 47-40 Metropolitan Avenue | Maspeth | NY | 11385 | 718-821-1166 | |
| Crimson Construction Corp. | 66-00 Long Island Expressway - Suite 201 | Maspeth | NY | 11378 | 718-803-0099 | lukeczachor@gmail.com |
| Direct Builders A Div. of CNC Associates | 58-30 Grand Avenue | Maspeth | NY | 11378 | 718-416-3853 | ayung@cncassociates.com |
| Ferran Enterprises, Inc. | 44-05 55th Avenue | Maspeth | NY | 11378 | 718-937-0303 | nyms19@optonline.net |
| Flush Metal Partition Corp. Division of Acme Architectural | 54-35 46th Street | Maspeth | NY | 11378 | 718-784-3380 | alan@flushmetal.com |
| Galasso Trucking | 2 Galasso Place | Maspeth | NY | 11378 | (718)456-1800 | |
| Genesus One Entreprises Inc. | 43-24 54th Road Suite 203 | Maspeth | NY | 11378 | (718)361-7516 | genesusone@aol.com |
| JT&T Air Conditioning Corp. | 64-54 Maurice Avenue | Maspeth | NY | 11378 | (718) 416-1660 | ptolani@jtthvac.com |
| K-D Frame & Door Corp. | 5945 63rd Street | Maspeth | NY | 11378 | (718)366-1700 | |
| Maspeth Welding, Inc. | 59-30 54th Street | Maspeth | NY | 11378 | (718) 497-5430 | roger@maspethwelding.com |
| Modern Carpentry & General Contractor | 58 -30 57th Street | Maspeth | NY | 11378 | 516-458-4935 | |
| Nelson Air Device Corp. | 4628 54th Ave. | Maspeth | NY | 11378 | (718) 729-3801 | lzelfine@nadcw.com |
| New York Crane & Equipment | 58-38 47th Ave | Maspeth | NY | 11378 | (718)254-9500 | |
| Nordic Interior, Inc. | 56-01 Maspeth Ave | Maspeth | NY | 11378 | 718-456-7000 | hhalvorsen@nordicinterior.com |
| NYC Dept of Transportation | 58-50 57th Road | Maspeth | NY | 11378 | | |
| Precision Glass & Metal Works Co Inc | 59-29 54th Street | Maspeth | NY | 11378 | (718)821-0750 | george@pgmw.net |
| Rocco Mechanical, Inc. | 62-17 Flushing Avenue | Maspeth | NY | 11378 | (718)894-9090 | |
| Ronald T. Vass Corp. | 59-68 55th Drive | Maspeth | NY | 11378 | 718-956-1900 | Rontvass@verizon.net |
| Statewide Demolition | 58-75 57th Rd | Maspeth | NY | 11378 | (718)416-2100 | |
| Tatco Installations | 57-57 63rd Street | Maspeth | NY | 11378 | 718-894-4769 | jtschin@tatcoinc.net |
| Techno Acoustics Holdings, LLC | 42-20 55th Ave | Maspeth | NY | 11378 | 718-784-3730 | wfox@technoacoustics.com |

| Vendor Name | Address | City | State | Zip | Main Telephone | Main Email |
|---|---|---|---|---|---|---|
| Titan Contracting Group, Inc. | 66-00 Long Island Expressway | Maspeth | NY | 11378 | (718) 424-0300 | sschicchi@titangroupny.com |
| Underpinnings & Foundation Constructors | 46-36 54th Road | Maspeth | NY | 11378 | (718)786-6557 | stanley.merjan@skanska.com |
| Universal Service Group, Ltd. | 59-36 56th Street | Maspeth | NY | 11378 | 718-386-0300 | szarifopoulos@usgltd.com |
| WEEKS-LERMAN GROUP, LLC | 58-38 PAGE PLACE | MASPETH | NY | 11378 | (718)803-5000 | |
| East Hills Metro Inc. | 192 County Line Road | Massapequa | NY | 11758 | (516)795-2697 | mbenov@easthillsmetro.com |
| Parkside Recycling, Inc. | 6 Oxford Avenue | Massapequa | NY | 11758 | 516-369-5367 | |
| Current Communications, LLC | 217 Pacific Street | Massapequa Park | NY | 11762 | (516)797-8194 | sal.assisi@current-comm.com |
| Blue Diamond Sheet Metal, Inc. | 1165 Station Road | Medford | NY | 11763 | (631)286-5131 | breichling@bdsheetmetal.com |
| CARR Business Systems | 130 Spagnoli Road | Melville | NY | 11747-3502 | 631-249-9880 | |
| E.A.S. MECHANICAL, INC. | 107 FORSTER PLACE | MELVILLE | NY | 11747 | | |
| Geroge Chironis | 16 Ponderosa Drive | Melville | NY | 11747 | | |
| Racanelli Construction Co. Inc. | 1895 Walt Whitman Road Suite 1 | Melville | NY | 11747 | | |
| Excellent Construction Industries, Inc. | 1961 Melthew Court | Merrick | NY | 11566 | 516-771-7748 | rshah740@yahoo.com |
| Preferred Environmental Services | 323 Merrick Avenue | Merrick | NY | 11566 | 516 546-1100 | |
| JGN Construction | 66-40 69th Street | Middle Village | NY | 11379 | 718-894-5300 | nicholis@jgnconstruction.com |
| KNS Building Restoration | 69-81-75TH ST | Middle Village | NY | 11379 | 718-366-0075 | knsrestoresit@aol.com |
| Conventional Stone & Marble | 80 2nd Street | Mineola | NY | 11501 | (516) 873-7750 | |
| Future Tech Consultants, Inc. | 52 East 2nd Street | Mineola | NY | 11501 | 516-918-2990 | fkoone@ftcny.com |
| Geo-Tech Construction Corp. | 86 Union Street | Mineola | NY | 11501 | 516-625-1870 | gtproduct@aol.com |
| Independent Equipment Corp. | 332 Sagamore Ave | Mineola | NY | 11501 | 516-877-2220 | |
| Valerio Associates, P.C. | 114 Old Country Road | Mineola | NY | 11501 | (516) 739-1616 | pvalerio@aol.com |
| B&G Electrical Contractors | 7100 New Horizons Blvd | N. Amityville | NY | 11701 | | |
| World Timber International Corp. | 1428 Meadowbrook Road | Nerry | NY | 11566 | (516)790-7344 | worldtimber@aol.com |
| First American Business Products, Inc. | 2 Michael Place | Nesconset | NY | 11767 | (631)366-3737 | fabpi@optonline.net |
| ANR Mechanical Corp. | 1906 Stewart Ave. | New Hyde Park | NY | 11040 | | |
| Aquifer Drilling and Testing, Inc. | 150 Nassau Terminal Road | New Hyde Park | NY | 11040 | 516-616-6026 | swolf@aquiferdrilling.com |
| ALPHA-OMEGA ELECTRICAL CONTRACTORS CORP | 24-42 49TH STREET SUITE #200 | New York | NY | 11103 | (718)626-8800 | VASILIKI@AOL.COM |
| Town House Specialty Cleaning Co | 242 West 36th Street 6th Floor | New york | NY | 11101 | 212-594-8300 | |
| Villafane Electric Corp. | 18-15 129th Street | New York | NY | 11356 | (718)883-1060 | john@villafane.org |
| LPC, Inc | 7100 New Horizons Blvd | No Amityville | NY | 11701 | | |
| Taru Associates, Inc. | 1068 Susan Court | North Merrick | NY | 11566 | (516)503-1996 | cshah007@optonline.net |
| ALLIED RISK MANAGEMENT INC. | 3334 LONG BEACH ROAD | OCEANSIDE | NY | 11572 | (516) 992-3432 | |
| Republic Office | 23 Jaegger Court | Old Brookville | NY | 11545 | | |
| Five Star Electric Corp. | 101-32 101st Street | Ozone Park | NY | 11416 | (718)641-5000 | mgosal@fivestarelectric.net |
| JCF Electric, Inc. | 103-22 98th Street, Suite 2 | Ozone Park | NY | 11417 | (718)323-3322 | info@jcfelectric.com |
| Penn Glass Enterprises Ltd. | 84-06 Liberty Avenue | Ozone Park | NY | 11417 | 718-641-7979 | |
| Coastal Electric Construction | 185 Waverly Avenue | Patchogue | NY | 11772 | 631-289-3233 | revans@coastalny.com |
| MC Electric | 235 Waverly Avenue | Patchogue | NY | 11772 | 631-758-9022 | |
| J.M. Botto Inc. | 95 Commercial Street | Plainview | NY | 11803 | 516-349-9000 | johnb@bottomechanical.com |
| Stanley Supply & Tool | 55 Sheer Plaza | Plainview | NY | 11803 | (516)293-1190 | |
| Wallace Eannace | 50 Newtown Road | Plainview | NY | 11803 | (516)454-9300 | |
| PMC Rebar, Inc. | P. O. Box 392 | Port Jefferson Station | NY | 11776 | (631)474-2651 | pmcrebar@aol.com |
| Village Dock, Inc. | 15 N. Columbia Street | Port Jervis | NY | 11777 | (631)928-4104 | clambert@villagedock.com |
| Dom`s Tree Service | 101 Harbor Road | Port Washington | NY | 11050 | (516) 944-6497 | |
| Pyramid Floor Coverings Inc. | 38 Harbor Park Drive | Port Washington | NY | 11050 | 516-932-7200 | stephen@pyramidfloors.com |
| Dennison Electric Corp. | 123-09 Merrick Blvd. | Queens | NY | 11434 | 718-341-6544 | |
| Donnelly Mechanical Corp. | 96-59 222nd Street | Queens Village | NY | 11429 | 718-886-1500 | cdonnelly@donnellymech.com |
| Gray Glass | 217-44 98th Avenue | Queens Village | NY | 11429 | (718)217-2943 | |
| TNT Industries | 213-19 99th Ave. | Queens Village | NY | 11429 | 718-776-5315 | tntind@worldnet.att.net |
| Lock Doctor | 104-37 Atlantic Avenue | Richmond Hill | NY | 11418 | | |
| Montrose Surveying Co., Inc. | 116-20 Metroploitan Avenue | Richmond Hill | NY | 11418 | 718-849-0600 | saeid@montrosesurveying.com |
| RRS Construction Corp | 116-18 Myrtle Ave | Richmond Hill | NY | 11418 | (718) 785-0467 | |
| Forest Builders Supply | 74-02 Forest Ave, P.O. Box 863933 | Ridgewood | NY | 11386-3933 | 718-381-5800 | |
| Morstar Painting & Decorating | 778 Woodward Avenue | Ridgewood | NY | 11385 | (718)381-4200 | snaletilic@morstarpaint.com |
| Triangle Fire Protection, Inc. | 95-17 Cooper Avenue | Ridgewood | NY | 11385 | 718-326-9120 | Trianglefire@verizon.com |
| Intercoastal Foundations & Shoring, Inc. | 265 Sunrise Highway, Suite 45 | Rockville Centre | NY | 11570 | (516) 442 5420 | |
| Perimeter Bridge & Scaffold Co., Inc. | 55 Cumberland Street | Rockville Centre | NY | 11570-5111 | (718)590-1100 | |
| Petrone Stone, Inc. | 126 Broadway | Rockville Centre | NY | 11570 | (516)536-9120 | |
| Total Concept Carpentry, Inc | 55 Merrick Road, 2nd Floor | Rockville Centre | NY | 11570 | 516-255-1850 | emilt@zdes.net |
| ZGC CONSULTING CORP. | 425 Coleridge Road | Rockvillecenter | NY | 11570 | | |
| THOMAS J. DONNELLY, INC | 815 Route 25A | Rocky Point | NY | 11778 | (631)744-0501 | ddonnelly@thomasjdonnellyinc.com |
| Cassone Leasing, Inc. | 1950 Lakeland Avenue | Ronkonkoma | NY | 11779 | 631-585-7800 | mary@cassone.com |
| EMTEC Consultants | 3555 Veterans Memorial Highway | Ronkonkoma | NY | 11779 | 631-981-3990 | |
| FPM Group | 909 Marconi Avenue | Ronkonkoma | NY | 11779 | 631-737-6200 | |
| Island Architectural Woodwork | 31-33 Howard Place | Ronkonkoma | NY | 11779 | 631-737-0020 | |
| Jacobsen and Horan Engineering, P.C. | 990 South 2nd Street | Ronkonkoma | NY | 11779 | (631) 580-6100 | ken.horan@jhepc.com |
| Lab Crafters, Inc. | 2085 5th Avenue | Ronkonkoma | NY | 11779 | 631-471-7755 | |
| Reese Energy Storage Systems, Inc. | 835 Marconi Ave., Suite B | Ronkonkoma | NY | 11779 | 631- 467- 7800 | tolga@reeseenergy.com |
| Triple S Air Systems | 80 Raynor Avenue | Ronkonkoma | NY | 11779 | (631)580-7460 | |
| D-Star Waterproofing Inc. | 365 Babylon Turnpike | Roosevelt | NY | 11575 | (516)378-6660 | |
| Absolute Electrical Contracting, Inc | One Cross island Plaza | Rosedale | NY | 11422 | 718-527-1577 | bill@absoluteelectric.com |
| Global Marine Construction Supply Inc. | 55 Lumber Road, Suite 125 | Roslyn | NY | 11576 | (516)484-2900 | gmcs@procurematerials.com |
| Cord Contracting Co., Inc. | 213 Roslyn Road | Roslyn Heights | NY | 11577 | 516-484-1120 | brian@cordco.com |
| DAG Floors | 108 Deer Run | Roslyn Heights | NY | 11577 | 516-625-9553 | dag.floors@verizon.net |
| Providence Construction Corp. | 85 Powerhouse Road | Roslyn Heights | NY | 11577 | (516)299-5548 | info@providenceconstruction.us |
| Rose Contracting Co., Inc | 1 Saddle Lane | Roslyn Heights | NY | 11577 | 516-625-2540 | |
| Tristate Aviation, Inc. d/b/a Dy Consultants | One Expressway Plaza Suite 208 | Roslyn Heights | NY | 11577 | (516)625-9800 | dyap@dyconsultants.com |
| Cherry Office Products | 135-20 Liberty Avenue | S Richmond Hill | NY | 11419 | 718-297-3000 | |
| Alpine Overhead Doors, Inc. | 8 Hulse Road | S. Setauket | NY | 11733 | 800-257-4634 | |
| Energy Efficient Solutions | PO Box 2260 | Saint James | NY | 11780 | (631)240-9770 | energyhousing@yahoo.com |
| Lejac Specialities | 9 Harriet Court | Seacliff | NY | 11579 | 516-674-8145 | |
| William F. Collins Architects | 10-1 Technology Drive | Setauket | NY | 11733 | 631-689-8450 | |
| Al-Pros Construction, Inc | 118-15 Liberty Ave, 2nd Floor | South Richmond Hill | NY | 11419 | 718-848-3666 | |
| Port of Egypt Marine | 62300 Main Road | Southold | NY | 11971 | (631)765-2445 | |
| Aspro Mechanical Contracting, Inc. | 127-08 Merrick Blvd. | Springfield Gardens | NY | 11434 | 718-977-3653 | vasrjr@aol.com |
| Walton Electrical Construction Corp. | 122-36 Farmers Blvd. | Springfield Gardens | NY | 11413 | (718)978-2004 | waltoncorp@yahoo.com |
| Bauerschmidt & Sons | 119-20 Merrick Boulevard | St. Albans | NY | 11434 | 718-528-3500 | fred@bauerschmidtandsons.com |
| A & F Electrical Testing, Inc. | P.O. Box 446 | St. James | NY | 11780 | (631)584-5625 | fchilton@afelectricaltesting.com |
| The Gottesman Organization, Inc. | 7 Brooklyn Court | Stony Brook | NY | 11790 | (212)629-1089 | altusmm@aol.com |
| Altus Metal & Marble Services | 7 Brookview Court | Stonybrook | NY | 11790 | 212-629-1089 | altusmm@aol.com |
| Casey Systems, Inc. | 209 Lafayette Drive | Syosset | NY | 11791 | 516-433-4700 | vmilanesi@caseysystems.com |
| Francis A. Lee Company | 6851 Jericho Turnpike, Suite 225 | Syosset | NY | 11791 | 516-938-2000 | |
| South Atlantic Marine Services | 342 Cold Spring Road | Syosset | NY | 11791 | (516)921-0836 | frog342@aol.com |
| Lockwood, Kessler, Bartlett | One Aerial Way | Syossett | NY | 11791 | 516-938-0600 | lgalfano@lkbinc.com |
| Summit Security Services, Inc | 390 Rexcorp Plaza, West Tower, Lobby Level | Uniondale | NY | 11556-0390 | 516-240-2400 | |
| W L Concepts | 599 Jerusalem Avenue | Uniondale | NY | 11553 | (516) 565-5151 | |
| Adams Management Group, Inc. | 265 East Merrick Road | Valley Stream | NY | 11580 | 5162562420 | romeoradams@msn.com |
| Black Widow Terminte & Pest Control | 18 Dolores Drive | Valley Stream | NY | 11581 | (516)791-3563 | blackwidowpest@aol.com |
| Classic Coffee Systems Ltd. | 333 W. Merrick Road, Suite 3 | Valley Stream | NY | 11580 | 516-823-3300 | |
| CRSG | 226 E. Merrick Road | Valley Stream | NY | 11580 | 516-256-0317 | |
| Domani Constultants, Inc. | 226 East Merrick Rd | Valley Stream | NY | 11550 | (516)256-0317 | ronl@crs-group.com |
| Fire and Building Code Services, Inc | 10 East Merrick Road Suite 308 | Valley Stream | NY | 11580 | | |
| Morales Electric | 356 West Merrick Road | Valley Stream | NY | 11580 | 516-256-2530 | moraleselec@aol.com |
| Rizzo Associates | 97 East Hawthorne Avenue | Valley Stream | NY | 11580 | (516)825-7227 | crizzo@rizzowasteservices.com |
| A. Splescia, L.S., P.C. | 3229 Poplar Place | Wantagh | NY | 11793 | (516) 826-1066 | a.splescia@verizon.net |
| Berne and Bob Levethal (Climate Craft) | 2 Terry Lane | Wantagh | NY | 11793 | 516-826-5270 | mpalazzolo@bblhvac.com |
| Glissade, Inc. | 3004 Burns Avenue | Wantagh | NY | 11793 | (516)781-8200 | glissade@verizon.net |
| M. Kowalik, P.C. | 1555 Wantagh Avenue | Wantagh | NY | 11793 | (516)826-7878 | asplescia@gmail.com |
| Precision Stone Inc. | 95 Hopper Street | Wesbury | NY | 11590 | 516-997-8975 | |
| Allegiance Relocation | 55 Edison Avenue | West Babylon | NY | 11704 | | |
| Araz Industries, Inc. | 45 JERSEY STREET | WEST BABYLON | NY | 11704 | (631)491-1229 | arazindustries@verizon.net |
| Classic Carpet Showroom, Inc. | 90 Kean Street | West Babylon | NY | 11704 | 631-842-2244 | classiccarpet@optonline.net |
| F.W. Sims, Inc. | 101 Otis Street | West Babylon | NY | 11704 | 631-491-1441 | trutkowski@fwsims.com |
| Home Crafts Inc. | 760 Railroad Avenue | West Babylon | NY | 11704-7820 | 631-669-0141 | chimneyco@optonline.net |
| Island Pavement Cutting Company Inc | 84 Kean Street | West Babylon | NY | 11704 | (631)567-2711 | islandpavement@aol.com |
| Megrant Corporation | 86 Otis Street | West Babylon | NY | 11704 | 631-491-3130 | chughes@megrant.com |
| MTD Corp. | 41 Otis Street | West Babylon | NY | 11704 | 631-491-3905 | |
| Newmat USA Ltd. | 81 Mahan Street | West Babylon | NY | 11704 | (631) 261-1498 | eric@newmatusa.com |
| Waste Oil | 109 Jersey Street | West Babylon | NY | 11704 | (631)491-4600 | |
| Genesis Millwork | 7E Terminal Road | West Hempstead | NY | 11552 | (516)483-2222 | |
| Modern Architectural Door & Hardware | P. O. Box 518 362 Charles Street | West Hempstead | NY | 11552 | (516)485-0956 | ellen@ModArch.net |
| Jerome Aluminum Products Corp. | 625 Main Street | Westburry | NY | 11590 | 718-389-5252 | dmajewski@aic-ny.com |
| American Industries, Inc. | 625 Mainstreet | Westbury | NY | 11590 | 718-389-8880 | dmajewski@aic-ny.com |
| Classic Systems, Inc. | 86 Garden Street | Westbury | NY | 11590 | 516-997-9100 | maried@classicsystemsinc.com |
| Corporate Coffee Systems | 745 Summa Avenue | Westbury | NY | 11590 | | |
| D&B Cousins Construction Corp. | 160 Hicks Street | Westbury | NY | 11590 | 516-280-5431 | dmacedo@dbcousins.com |
| RCC Concrete Corporation | 123 Frost Street - Suite 106 | Westbury | NY | 11590 | 516-279-6787 | jtang@rccconcrete.com |
| Rodbusters, Inc. | 36 Broadmorr Lane | Westbury | NY | 11361 | (516)333-7604 | rodbust396@aol.com |
| Royal Guard Fence Co. | 550 Main Street | Westbury | NY | 11590 | 516-334-7544 | rpanella@royalguardfence.com |
| Georal | 150-38 12th Avenue | Whitestone | NY | 11357 | 718-767-7900 | essam@georal.com |
| Grace Industries Inc. | 151-21 6th Road | Whitestone | NY | 11357 | 718-767-9000 x604 | graceengineering@erols.com |
| Lawrence Exterior Restoration | 150-44 11th Avenue | Whitestone | NY | 11357 | 516-829-3200 | |
| Long Island Fireproof Door, Inc. | 11-05 Clintonville Street | Whitestone | NY | 11357 | 718-767-8800 | jvgallo@lifi.net |
| National Bathroom Accessories | 20-28 Francis Lewis Boulevard | Whitestone | NY | 11357 | (718) 357-6770 | mikec@nationalbathworks.com |
| National Bathroom Accessories, LLC | 20-28 Francis Lewis Boulevard | Whitestone | NY | 11357 | 718-357-6770 | nationalbathroom@aol.com |
| Tagco, Inc. | P.O. Box 306 | Williston Park | NY | 11596 | | |
| Barbara Thayer, P.E., Arch., P.C. d/b/a B Thayer Associates | 100 CROSSWAYS PARK DR WEST / 104 | Woodbury | NY | 11797 | (516)364-0660 | BTHAYER@BTHAYERASSOCIATES.COM |
| Spectrum Cabinets Sales | 90 Crossways Park West | Woodbury | NY | 11797 | 516-496-9888 | gnakash@spectrumkitchens.com |
| TriState Planning & Engineering | 130 Crossways Park Drive, Suite 101 | Woodbury | NY | 11797 | (516)496-7700 | slockhart@tspe.com |
| A. Best | 39-63 63rd Street | Woodside | NY | 11377 | 718-779-3000 | |
| A. Liss & Company | 51-55 59th Place | Woodside | NY | 11377 | 718-728-0600 | artd@alissco.com |

| Vendor Name | Address | City | State | Zip | Main Telephone | Main Email |
|---|---|---|---|---|---|---|
| Ahern Painting Contractors, Inc. | 69-24 49th Avenue | Woodside | NY | 11377 | ((718) 639-5880 | tpcpe@msn.com |
| Caltron Security | 37-06 59th St | Woodside | NY | 11377 | 718-392-8500 | |
| Fire Service, Inc.. | 39-27 59th Street | Woodside | NY | 11377 | 718-899-1932 | |
| Firecom, Inc. | 39-27 59th Street | Woodside | NY | 11377 | 718-899-6100 | asayour@firecominc.com |
| Fred Geller Electrical, Inc. | 54-15 38th Avenue | Woodside | NY | 11377 | 718-350-3900 | fgelectric@aol.com |
| Kanta Electric Corp. | 34-21 56th street | woodside | NY | 11377 | (718)397-9527 | cm@kantaelectric.com |
| Metalocke Industries Inc | 32-02 57th Street | Woodside | NY | 11377 | (718)267-9200 | |
| National Cab and Door Corp. | 55-13 37th Avenue | Woodside | NY | 11377 | (718) 478-5900 | sbroderis@necd.com |
| Riteway Internal Removal, Inc. | 64-05 34th Avenue | Woodside | NY | 11377 | 718-458-8900 | info@ritewaydemolition.com |
| Unalite Electric & Lighting Corp. | 58-18 37th Avenue | Woodside | NY | 11377 | (718)898-5100 | tgreenfield@unilite.com |
| Whitestone Construction Company | 50-52 49th Street | Woodside | NY | 11377 | 718-392-1800 | ekelly@whitestonecc.com |
| Accra Sheetmetal, LLC | 1359 STRAUGHT PATH | WYANDANCH | NY | 11798 | (631)643-2100 | accra@optonline.net |

# INSERT

# TAB

Compliance with Requirements

**Section 4.11 – Compliance with Requirements**

This statement hereby certifies that the Vendor is in substantial compliance with the requirements outlined in the Request for Proposals dated May 11, 2010.

# INSERT

# TAB

Additional Information

**Section 5 – 4.10 – Additional Information**

Enclosed herein is the following:

- Summary of Innovation Group Studies
- Innovation Group Study – 2009 Update
- Innovation Group Study – 2008
- Support Letters from Local Unions and Community

Below is a summary of the market studies prepared by The Innovation Group:

- 2008 Package
    - The Innovation Group prepared a Market and Branding Analysis (June 2008), which established an estimate of baseline win per day for a “basic racino,” and then projected incremental win per day and gross revenues that would be achieved when adding (i) additional capital expenditures (ii) a Hard Rock brand and (iii) hotel, retail and entertainment development.
        - Results:
            - Scenario 1: Basic Racino: $389 WPD
            - Scenario 2: Significant Cap Ex: $423 WPD
            - Scenario 3: Add Hard Rock: $484 WPD
            - Scenario 4: Add Hotel and Phase II: $506 WPD
        - The certified accounting firm, The Schonbraun McCann Group, was asked to compare the payments to the State (70% of VLT revenues, including Lottery, Horsemen & Breeders and NYRA), and concluded that the SLG/HR facility developed in the initial phase would generate a **24% PREMIUM** over an unbranded, basic gaming facility. In addition, it concluded that the State would receive **$4.4 BILLION MORE GAMING REVENUES**.
- 2009 Update
    - The Innovation Group prepared the attached Aqueduct Racino Market Potential Technical Memorandum Update (May 2009)
        - Resulting Updates:
            - Scenario 1: Basic Racino $379 WPD
            - Scenario 3: Add Hard Rock $467 WPD
        - The Schonbraun McCann Group updated its analysis as well and concluded that the SLG/HR facility developed in the initial phase would generate a **23% PREMIUM** over an unbranded, basic gaming facility. In addition, it concluded that the State would receive **OVER $4.0 BILLION MORE GAMING REVENUES**.
        - The Innovation Group study also included potential impacts of changes in gaming legislation, including the addition of electronic tables, hours of operation, and both.

The Schonbraun McCann Group
Real Estate Advisory Services an FTI Company

750 Third Avenue • 27th Floor
New York, NY 10017
212.840.7383
Fax: 646.731.1599

101 Eisenhower Parkway
Roseland, NJ 07068
973.364.0400
Fax: 973.364.8464

May 12, 2009

Mr. Marc Holliday
Chief Executive Officer
SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

Re: Aqueduct Video Lottery Terminal Facility
Comparison of NY State Payments Under Alternative Scenarios

Dear Mr. Holliday:

SL Green Realty Corp. ("SL Green") requested that The Schonbraun McCann Group create a financial model calculating the aggregate amount of payments New York State would receive from the proposed Aqueduct Video Lottery Terminal Facility under two different scenarios, based on the quality and scope of the facility and the brand. The financial model also computes the present value of these payments. The two scenarios are taken from the study entitled "Marketing and Branding Analysis-Aqueduct Racetrack Racino," dated June, 2008, as revised by a recent Technical Memorandum, by The Innovation Group.

The financial model calculations have been made in accordance with agreed-upon procedures. We have not independently verified the data or conclusions contained in The Innovation Group study.

Attached are three copies of the financial model that sets forth the projected payments.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Harvey S. Berenson

**Aqueduct Video Lottery Terminal Facility**
**Comparison of NY State Payments Under Two Improvement and Brand Alternative Scenarios**

| | *Scenario 1* Second Class Facility/ No Brand | *Scenario 2* First Class Facility/ Recognized Brand | Variance Between Scenarios 1 and 2 |
|---|---|---|---|
| Total State Win | $ 15,468,659,631 | $ 19,523,797,344 | $ 4,055,137,712 |
| Net Present Value - 30 Years | $ 5,739,440,839 | $ 7,184,828,908 | $ 1,445,388,069 |
| Net Present Value By Category - 30 Years | | | |
| NY State | $ 3,678,542,662 | $ 4,526,072,376 | $ 847,529,714 |
| Lottery | 736,039,541 | 1,028,652,813 | $ 292,613,272 |
| Horsemen | 618,495,490 | 760,995,756 | $ 142,500,266 |
| Breeders | 121,140,450 | 149,050,995 | $ 27,910,545 |
| NYRA | 585,222,696 | 720,056,969 | $ 134,834,273 |
| Win Per Day | $379 | $467 | $88 |

The Schonbraun McCann Group
Real Estate Advisory Services an FTI Company

**Aqueduct Video Lottery Terminal Facility**
**Comparison of NY State Payments Under Two Improvement and Brand Alternative Scenarios**

($ Thousand, except for VLTs, Win Per Day and Day Per Year)

**Scenario 1 - Second-Class Facility/No Brand**

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $ Win | 623,214 | 631,316 | 639,523 | 647,836 | 656,258 | 664,790 | 673,432 | 682,187 | 691,055 | 700,039 | 709,139 | 718,358 | 727,697 | 737,157 | 746,740 | 756,447 | 766,281 | 776,243 |
| NY State | 274,214 | 277,779 | 281,390 | 285,048 | 288,754 | 292,507 | 296,310 | 300,162 | 304,064 | 308,017 | 312,021 | 316,078 | 320,187 | 324,349 | 328,565 | 332,837 | 337,164 | 341,547 |
| Lottery | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 |
| Horsemen | 40,509 | 44,192 | 47,964 | 48,588 | 49,219 | 49,859 | 50,507 | 51,164 | 51,829 | 52,503 | 53,185 | 53,877 | 54,577 | 55,287 | 56,005 | 56,734 | 57,471 | 58,218 |
| Breeders | 6,232 | 7,891 | 9,593 | 9,718 | 9,844 | 9,972 | 10,101 | 10,233 | 10,366 | 10,501 | 10,637 | 10,775 | 10,915 | 11,057 | 11,201 | 11,347 | 11,494 | 11,644 |
| NYRA | 43,625 | 44,192 | 44,767 | 45,349 | 45,938 | 46,535 | 47,140 | 47,753 | 48,374 | 49,003 | 49,640 | 50,285 | 50,939 | 51,601 | 52,272 | 52,951 | 53,640 | 54,337 |
| Total | 426,901 | 436,376 | 446,035 | 451,023 | 456,076 | 461,195 | 466,381 | 471,633 | 476,954 | 482,345 | 487,805 | 493,336 | 498,939 | 504,615 | 510,365 | 516,190 | 522,090 | 528,067 |

| | |
|---|---|
| Total State Sha | 15,468,660 |
| Present Value | 5,739,441 |

| **Assumptions** | |
|---|---|
| VLTs | 4,500 |
| Win Per Day | $379.43 |
| Days Per Year | 365 |
| Discount Rate | 7.50% |
| Annual Increas | 1.30% |

**Percentage Payments**

| | Year 1 | Year 2 | Year 3-30 |
|---|---|---|---|
| NY State | 44.0% | 44.0% | 44.0% |
| Lottery | 10.0% | 10.0% | 10.0% |
| Horsemer | 6.5% | 7.0% | 7.5% |
| Breeders | 1.0% | 1.25% | 1.5% |
| NYRA | 7.0% | 7.0% | 7.0% |
| Total | 68.5% | 69.25% | 70.0% |

**Scenario 2 - First-Class Facility/Recognized Brand**

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $ Win | 766,801 | 776,770 | 786,868 | 797,097 | 807,459 | 817,956 | 828,589 | 839,361 | 850,273 | 861,326 | 872,524 | 883,866 | 895,357 | 906,996 | 918,787 | 930,732 | 942,831 | 955,088 |
| NY State | 337,392 | 341,779 | 346,222 | 350,723 | 355,282 | 359,901 | 364,579 | 369,319 | 374,120 | 378,984 | 383,910 | 388,901 | 393,957 | 399,078 | 404,266 | 409,522 | 414,846 | 420,239 |
| Lottery | 76,680 | 77,677 | 78,687 | 79,710 | 80,746 | 81,796 | 82,859 | 83,936 | 85,027 | 86,133 | 87,252 | 88,387 | 89,536 | 90,700 | 91,879 | 93,073 | 94,283 | 95,509 |
| Horsemen | 49,842 | 54,374 | 59,015 | 59,782 | 60,559 | 61,347 | 62,144 | 62,952 | 63,770 | 64,599 | 65,439 | 66,290 | 67,152 | 68,025 | 68,909 | 69,805 | 70,712 | 71,632 |
| Breeders | 7,668 | 9,710 | 11,803 | 11,956 | 12,112 | 12,269 | 12,429 | 12,590 | 12,754 | 12,920 | 13,088 | 13,258 | 13,430 | 13,605 | 13,782 | 13,961 | 14,142 | 14,326 |
| NYRA | 53,676 | 54,374 | 55,081 | 55,797 | 56,522 | 57,257 | 58,001 | 58,755 | 59,519 | 60,293 | 61,077 | 61,871 | 62,675 | 63,490 | 64,315 | 65,151 | 65,998 | 66,856 |
| Total | 525,259 | 537,913 | 550,807 | 557,968 | 565,221 | 572,569 | 580,013 | 587,553 | 595,191 | 602,928 | 610,767 | 618,707 | 626,750 | 634,897 | 643,151 | 651,512 | 659,982 | 668,561 |

| | |
|---|---|
| Total State Sha | 19,523,797 |
| Present Value | 7,184,829 |

| **Assumptions** | |
|---|---|
| VLTs | 4,500 |
| Win Per Day | $466.85 |
| Days Per Year | 365 |
| Discount Rate | 7.50% |
| Annual Increas | 1.30% |

**Percentage Payments**

| | Year 1 | Year 2 | Year 3-30 |
|---|---|---|---|
| NY State | 44.0% | 44.0% | 44.0% |
| Lottery | 10.0% | 10.0% | 10.0% |
| Horsemer | 6.5% | 7.0% | 7.5% |
| Breeders | 1.0% | 1.25% | 1.5% |
| NYRA | 7.0% | 7.0% | 7.0% |
| Total | 68.5% | 69.25% | 70.0% |

The Schonbraun McCann Group
Real Estate Advisory Services an FTI Company

**Aqueduct Video Lottery Terminal Facility**
**Comparison of NY State Payments Under Two Improvement and Brand Alternative Scenarios**

($ Thousand, except for VLTs, Win Per Day and Days Per Year)

**Scenario 1 - Second-Class Facility/No Brand**

| 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 786,334 | 796,556 | 806,912 | 817,401 | 828,028 | 838,792 | 849,696 | 860,742 | 871,932 | 883,267 | 894,750 | 906,381 | 22,688,502 |
| 345,987 | 350,485 | 355,041 | 359,657 | 364,332 | 369,068 | 373,866 | 378,727 | 383,650 | 388,638 | 393,690 | 398,808 | 9,982,941 |
| 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 62,321 | 1,869,641 |
| 58,975 | 59,742 | 60,518 | 61,305 | 62,102 | 62,909 | 63,727 | 64,556 | 65,395 | 66,245 | 67,106 | 67,979 | 1,692,249 |
| 11,795 | 11,948 | 12,104 | 12,261 | 12,420 | 12,582 | 12,745 | 12,911 | 13,079 | 13,249 | 13,421 | 13,596 | 335,633 |
| 55,043 | 55,759 | 56,484 | 57,218 | 57,962 | 58,715 | 59,479 | 60,252 | 61,035 | 61,829 | 62,632 | 63,447 | 1,588,195 |
| 534,122 | 540,255 | 546,468 | 552,762 | 559,138 | 565,597 | 572,139 | 578,767 | 585,481 | 592,282 | 599,171 | 606,150 | 15,468,660 |

**Scenario 2 - First-Class Facility/Recognized Brand**

| 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 967,504 | 980,082 | 992,823 | 1,005,729 | 1,018,804 | 1,032,048 | 1,045,465 | 1,059,056 | 1,072,824 | 1,086,770 | 1,100,898 | 1,115,210 | 27,915,893 |
| 425,702 | 431,236 | 436,842 | 442,521 | 448,274 | 454,101 | 460,005 | 465,985 | 472,042 | 478,179 | 484,395 | 490,692 | 12,282,993 |
| 96,750 | 98,008 | 99,282 | 100,573 | 101,880 | 103,205 | 104,546 | 105,906 | 107,282 | 108,677 | 110,090 | 111,521 | 2,791,589 |
| 72,563 | 73,506 | 74,462 | 75,430 | 76,410 | 77,404 | 78,410 | 79,429 | 80,462 | 81,508 | 82,567 | 83,641 | 2,082,140 |
| 14,513 | 14,701 | 14,892 | 15,086 | 15,282 | 15,481 | 15,682 | 15,886 | 16,092 | 16,302 | 16,513 | 16,728 | 412,962 |
| 67,725 | 68,606 | 69,498 | 70,401 | 71,316 | 72,243 | 73,183 | 74,134 | 75,098 | 76,074 | 77,063 | 78,065 | 1,954,113 |
| 677,253 | 686,057 | 694,976 | 704,010 | 713,163 | 722,434 | 731,825 | 741,339 | 750,977 | 760,739 | 770,629 | 780,647 | 19,523,797 |

# Aqueduct Racino Market Potential Technical Memorandum Update

Prepared for:
**S.L. Green**

**May 2009**

Prepared by:

THE **INNOVATION** GROUP
400 North Peters Street
Suite 206
New Orleans, LA 70130
www.theinnovationgroup.com

# TECHNICAL MEMORANDUM

The following technical memorandum update considers the revenue and patronage potential for the video lottery terminal (VLT) operation at Aqueduct Racetrack, with and without the Hard Rock theme, taking into consideration changes to the market and the economy since June 2008. As was the case in June 2008, Yonkers is the only gaming facility in operation in the metro New York City market area. At that time, Yonkers had just started operating under a new tax mechanism, whereby the percentage of revenues that could be retained by the operator increased from 26% to 34%, and the percentage allotted for marketing expenses out of total revenues increased from 4% to 8%. Essentially, the share that could be used by the operator increased from 30% to 42%. The 42% share has allowed the operator to provide a substantially better product.

In our analysis in June 2008 the new tax structure was known, but the impact of the new tax was not. Gaming revenues at Yonkers in 2007 totaled $394 million from an average of 5,206 devices for the year. Revenues in 2008 increased to $486 million from 5,339 devices, with the tax rates effectively changing in April 2008. Year-over-year changes reflecting old tax versus new tax can be compared for the period from April 2007-March 2008 to April 2008-March 2009. During this period, revenues increased from $432 million to $499 million, an increase of 15.5%. Population growth in the region is flat, and thus the revenue growth was attributable to the tax change. Additionally, given the economic downturn, it is reasonable to assume that the growth could otherwise have been more significant. It should also be noted that March 2009 provided the highest monthly revenue total to date for Yonkers ($46.9 million), such that the growth was not all felt pre-recession. Comparing 1Q2008 (pre-tax change) to 1Q2009, revenue growth was over 10%.

**1Q Year over Year Yonkers Demand Change**

| | Year over Year (April to March) | 1Q (2008 vs 2009) |
|---|---|---|
| old tax | $431,710,797 | $117,554,566 |
| new tax | $498,554,609 | $129,649,494 |
| % change | 15.5% | 10.3% |

Source: New York Lottery

We would have anticipated that this tax mechanism change should have resulted in a year-over-year revenue growth of approximately 15%, which Yonkers likely could have exceeded more than it did, were it not for the economic downturn's impact on the New York City metropolitan area economy, thus limiting the growth potential. This is reflective of our perception that the return on incremental marketing expenditures should have been in the range of 3.5x to 4x. In the 12 months preceding the tax change, marketing allowance totaled $17.3 million. An additional $17.3 million therefore should have resulted in total revenue growth in the range of $60 to $69 million, or 14% to 16%.

The tax rates for the other racinos in New York differ slightly from that of Yonkers, though all had adjustments to their rates one year ago, together with Yonkers. Most all initially had 8% of gaming revenues allocated to marketing initially, and had it increased to 10% effective in April 2008. With the exception of Monticello, which given its location in a tourist destination-type town might have been impacted by a convergence of negative economic factors such as high fuel prices, second-home foreclosures and foregone vacations, each of the racinos experienced revenue growth during the past year. The impact on each of the racinos from the changed tax rate varied, but in aggregate (not including Monticello), the 2% increase in marketing dollars resulted in a 7.4% increase in gaming revenues, or a 3.7x return.

**Year over Year Upstate New York Racino Demand Change**

| | Old Operator Share | Old Marketing Share | Current Operator Share | Current Marketing Share |
|---|---|---|---|---|
| Batavia | 32% | 8% | 36% | 10% |
| Buffalo Raceway | 32% | 8% | 42% | 10% |
| Finger Lakes | varied between 29% and 32% | 8% | 32% | 10% |
| Monticello | varied between 29% and 32% | 8% | 42% | 10% |
| Saratoga | varied between 29% and 32% | varied from 5% to 8% | 32% | varies from 8% to 10% |
| Tioga | 32% | 8% | 40% | 10% |
| Vernon | 32% | 8% | 40% | 10% |
| | | | | |
| | Revenues 4/07-3/08 | Revenues 4/08-3/09 | Annual Revenue Change w/ New Tax ($) | Annual Revenue Change w/ New Tax (%) |
| Batavia | $29,510,903 | $33,672,915 | $4,162,012 | 14.1% |
| Buffalo Raceway | $46,101,957 | $51,609,511 | $5,507,554 | 11.9% |
| Finger Lakes | $96,139,591 | $103,567,367 | $7,427,776 | 7.7% |
| Saratoga | $132,703,643 | $135,335,815 | $2,632,172 | 2.0% |
| Tioga | $42,798,134 | $48,176,356 | $5,378,222 | 12.6% |
| Vernon | $33,928,193 | $37,141,227 | $3,213,034 | 9.5% |
| **Total** | **$381,182,421** | **$409,503,191** | **$28,320,770** | **7.4%** |
| | | | | |
| Monticello | $62,388,066 | $57,093,143 | ($5,294,923) | -8.5% |

Source: New York Lottery. Calculations by The Innovation Group.

While most racinos in New York have performed well over the past year, it is recognized that as an industry nationally, gaming demand has been negatively impacted by the economic decline. As point of comparisons for regional casinos, slot revenues at the two Connecticut casinos were down 6.7% in 1Q2009 relative to 1Q2008, and down 6.0% for the three Delaware racinos. The revenue declines in most states have been more a function of declining expenditure per gaming visit than declining demand for casino visitation. Delaware and Connecticut gaming facilities do not provide a public tracking of their attendance figures. However, there are several states that do, and the following trends have been revealed for the 1Q2009 versus 1Q2008 period:

**1Q Year over Year Statewide Market Demand Changes**

| | Win | Win/Visit | Admissions |
|---|---|---|---|
| Illinois | -9.3% | -4.8% | -4.7% |
| Indiana (riverboats only) | -3.7% | -7.2% | 3.9% |
| Iowa | 3.4% | -0.4% | 3.8% |
| Louisiana | -0.2% | -0.2% | 0.1% |
| Average | -2.5% | -3.1% | 0.8% |

Sources: Illinois Gaming Control Board; Indiana Gaming Commission; Iowa Racing and Gaming Commission; Louisiana State Police

Based on the above figures, we would suggest the following two adjustments would be necessary for the models:

- The 2010 demand growth for the market prior to the addition of Aqueduct was under-estimated by approximately 2% due to a conservative estimate of the impact of the new tax regime. A small fraction of this growth would have previously been considered as latent demand, but is now being picked up. Thus a 1.5% participation growth rate for 2010 post-addition of Aqueduct should be considered. However, so too should be the market share potential for Yonkers due to growth of their patron base.
- Win per visit for the market is estimated to be 6% below what was previously attained. This should rebound slowly with the economy through next year. A downward adjustment of 3.5% from our previous 2010 win per visit estimate should be incorporated, but in subsequent years a comparatively high growth rate in win per visit could be expected.

**Scenario 1**

In the previous analysis it was estimated that an Aqueduct slot facility could generate $638.3 million from 10.29 million gamer visits in the first year of operation, with an average win per visit of $62. With the above adjustments, gamer visitation is projected to total 10.42 million, but the revenue estimate has been reduced to $623.2 million.

| | Scenario 1 Aqueduct Gaming Revenue Potential | | | | |
|---|---|---|---|---|---|
| | Gaming Win | Win/Visit | Turns/Day | Win/Position/Day | Gamer Visits |
| Previous Report | $638,252,843 | $62.00 | 6.27 | $388.59 | 10,294,401 |
| Current Estimate | $623,212,802 | $59.83 | 6.34 | $379.43 | 10,416,393 |

**Scenario 3**

In the previous analysis it was estimated that a Hard Rock-themed Aqueduct slot facility, unconstrained by capacity issues, could generate $829.2 million from 11.67 million gamer visits in the first year of operation. This was considered as unattainable based on the ratio of daily gamers to gaming positions (turns/day), and thus a constrained estimate of $794.6 million from 10.92 million gamer visits was projected.

An increase in the unconstrained admission total and a decrease in average win per visit would broaden the range between the unconstrained and the constrained revenue projections, and would narrow the range between the Scenario 1 and Scenario 3 revenue projections. Constrained gamer visitation is projected remain at 10.92 million, but the constrained revenue estimate has been reduced to $766.8 million.

| | Scenario 3 Aqueduct Hard Rock Gaming Revenue Potential | | | | |
|---|---|---|---|---|---|
| | Gaming Win | Win/Visit | Turns/Day | Win/Position/Day | Gamer Visits |
| Previous Unconstrained | $849,004,894 | $72.75 | 7.11 | $516.90 | 11,670,170 |
| Previous Constrained | $794,620,969 | $72.75 | 6.65 | $483.79 | 10,922,625 |
| Current Unconstrained | $829,175,093 | $70.20 | 7.19 | $504.83 | 11,810,980 |
| Current Constrained | $766,809,235 | $70.20 | 6.65 | $466.85 | 10,922,625 |

**Potential Impacts of Changes in Gaming Legislation**

There are several proposed changes to gaming regulations that are currently being considered by the Legislature that could impact the revenue potential for the VLT facilities in a positive manner. The first change reflects changes in permissible hours of operation. Currently, legislation allows for operation during the hours of 10AM to 2AM, or 112 set hours per week. The pending legislation allows for expansion to 140 hours, which could essentially mean 24-hour operations on Saturdays and Sundays and an additional two to three hours per day of operations from Mondays through Fridays (18 to 19 hours per day).

The second significant change would be to allow electronic gaming devices in table game format. As evidenced from slot operations in Pennsylvania, electronic blackjack and roulette are popular in electronic format, and are generally played at significantly higher wagers than slot machines, but at a lower speed of play. As a result, it is possible to attain a higher win per gaming position on electronic table play than on a typical slot machine with the same level of position utilization.

Based on proprietary data that The Innovation Group has gathered consulting in other gaming markets for facilities operating 24-hours and in generally a capacity constrained environment, we have an understanding of peaking characteristics that could be experienced in facilities on a day of the week and hourly basis. Taking in to consideration the magnitude of the service industry in the region, and the reputation as a late-night city, it is estimated that utilization during the hours that facilities are currently required to be closed, but potentially could be open, could average approximately 57.5%. Incrementally, assuming an average of a 92% utilization for hours that facilities are currently permitted to be open (92% x 112 hours = 103 weekly hours of utilization/position), it could therefore be concluded that a 25% increase in hours of operation (112 up to 140) could reflect an additional 15.6% in terms of gamers that would be accommodated (an additional 57.5% utilization for the 28 additional hours = 16.1 hours per week, or 15.6% incremental to 103).

If the facility were to remain limited in its operating hours, gamers would be largely cognizant of the limitations, and adjust their hours of visitation accordingly. As such, it is likely that not all of the 15.6% growth potential is latent demand, though the majority likely would be. If 3/4 of the late-night demand was incremental, this would reflect patronage growth of 11.7%. It should not be expected that there would be a notable difference in win per visit.

It is also understood that it may be possible to add electronic games in a table game format, as an alternative to some of the slot format VLTs. This would still give Aqueduct 4,500 positions for gaming, though some would be playing electronic table games. There is already a well established industry supplying electronic versions of blackjack, roulette and baccarat in multi-player platforms that can be possible in this market, though other games, such as craps, still need development to be popular, user-friendly and commonplace. The electronic game formats have not been shown to attract high rollers, but do generate significantly higher wagers per individual bet than the average gamer plays on slots.

In Atlantic City in 2008 table gaming positions accounted for 22% of all positions, counting 6 positions per table for the calculation. It is recognized that Atlantic City attracts a large high-roller component for its table games, which would likely not materialize in electronic form. Similarly, some table game varieties may not be available or attractive in electronic format. However, given the popularity of blackjack and roulette and the quality of those games electronically, a gaming floor should be capable of reasonably accommodating approximately 2/3rds of this percentage, or account for approximately 14% of the gaming floor (3,870 slots and 630 electronic table game positions).

Table games in Atlantic City generated 59% more per position than slots in 2008. This premium would likely be cut in half in an electronic format. The range of this estimate could broaden, however, depending on the future quality of electronic table games. Thus, it is reasonable to expect that a premium of 30% ±5% win per position for table positions could be achieved.

Considering first Scenario 3, it is assumed that there would be 3,870 slots and 630 table gaming positions. Assuming no change in operating hours, the 3,870 slots would still attain $467 per device per day, but the 630 electronic table gaming positions would attain an average of $607 per seat per day, for an overall average of $486 per position. Revenues would annualize at $799 million, up from $767 million. If operating hours were extended, the 11.7% increase would result in revenues growing to $893 million, or $543 per position per day.

| | Scenario 3 with Legislative Changes (Constrained Model) | | | | |
|---|---|---|---|---|---|
| | Gaming Win | Win/Visit | Turns/Day | Win/Position/Day | Gamer Visits |
| No Change | $766,809,235 | $70.20 | 6.65 | $466.85 | 10,922,625 |
| Add Electronic Tables | $799,015,223 | $73.15 | 6.65 | $486.46 | 10,922,625 |
| Add Hours of Operation | $856,669,684 | $70.20 | 7.43 | $521.56 | 12,202,620 |
| Add Both | $892,649,819 | $73.15 | 7.43 | $543.47 | 12,202,620 |

In Scenario 1 it was not envisioned that there would be a capacity constraint initially with 4,500 gaming positions, and thus it may be possible to accommodate some of the slot play on fewer devices, such that more of the electronic table game revenues would be 100% incremental rather than substituting. This would also mean accommodating more gamers. The first year patronage projection for a slots-only facility in Scenario 1 could potentially be accommodated on 4,400 gaming devices, which would result in an average of 6.49 turns per day, as compared to 6.34 turns on 4,500 devices. The win per position estimate of $379 per day with 4,500 devices would equate to $388 with 4,400 devices.

Assuming no change in operating hours, the 3,870 slots would still attain $388 per device per day, but the 630 electronic table gaming positions would attain an average of $504 per seat per day, for an overall average of $404 per position. Revenues would annualize at $664 million, up from $623 million. If operating hours were extended as well, the 11.7% increase would result in revenues growing to $742 million, or $452 per position per day.

| | Scenario 1 with Legislative Changes | | | | |
|---|---|---|---|---|---|
| | Gaming Win | Win/Visit | Turns/Day | Win/Position/Day | Gamer Visits |
| No Change | $623,212,802 | $59.83 | 6.34 | $379.43 | 10,416,393 |
| Add Electronic Tables | $664,146,552 | $62.30 | 6.49 | $404.35 | 10,659,825 |
| Add Hours of Operation | $696,245,553 | $59.83 | 7.08 | $423.89 | 11,637,064 |
| Add Both | $741,976,226 | $62.30 | 7.25 | $451.74 | 11,909,023 |

Respectfully submitted,

Scott Fisher, Ph.D.
Managing Director
The Innovation Group

# Market and Branding Analysis

Aqueduct Racetrack Racino

**Prepared for:**
SL Green

June 2008

**Prepared by:**
The Innovation Group

# Table of Contents

# EXECUTIVE SUMMARY

The Innovation Group has been retained by SL Green to provide advisory services in association with the company's bid to develop a VLT (video lottery terminal) racino at the Aqueduct Racetrack in Queens, New York. We were asked to provide a market assessment to estimate revenue and win per unit for the proposed operation under various scenarios, and in addition to determine the potential value of branding the facility, and in particular with the Hard Rock Brand.

We have approached the analysis in three separate sections. First is the patron demand and revenue forecast, which estimates overall demand for the region and then market share for the Aqueduct VLT facility under several branded and unbranded scenarios. This is followed by a validation of the brand impacts to justify the treatment of brand in the revenue analysis. In this section, we first provide a review of historical casino branding impacts, an important measure for investors because applying a brand has both capital and operating costs which must in turn produce sufficient incremental income and return on investment to be justified. Finally, we validate the value of the Hard Rock Brand specifically, based on several primary and secondary market research sources.

## Gaming Market and Revenue Forecast

The report considers revenue and patron demand for the VLT operation under four separate development scenarios:

- ***Scenario 1*** assumes a basic or traditional racino facility with very limited capital investment.
- ***Scenario 2*** assumes a state of the art facility as a result of significant capital investment.
- ***Scenario 3*** assumes a state of the art facility as a result of significant capital investment, and a Hard Rock brand for the entire development.
- ***Scenario 4*** assumes a state of the art facility as a result of significant capital investment, a Hard Rock brand for the entire development, and a Phase II expansion to include hotel, retail, and entertainment offerings.

The Innovation Group developed gravity models in order to calibrate the historical gaming behavior of regional residents, and ultimately to estimate the gaming revenue potential for Aqueduct. The general form of the model is that attraction is directly related to a measure of availability such as gaming positions and inversely related to the square of the travel distance. Thus the gravity model quantifies the effect of distance on the behavior of a potential patron and considers the impact of competing venues.

It is anticipated that a VLT facility could be operational at Aqueduct by 4Q2009. It is assumed that 4,500 devices could be installed at the property, along with a broad array of retail and food and beverage amenities. At present, Yonkers is the only competing gaming facility in operation in the metro New York City market area, with 5,500 gaming devices. No additional gaming facilities are anticipated in the immediate market area, however, regional competition will be present from Monticello (1,500 devices) and large-scale facilities throughout eastern Pennsylvania. As such, the patron demand will largely come from the New York City and Long Island market, which as shown below, is still sufficient enough to produce potential capacity constraints for operations in all but a basic VLT facility.

The regional market was carved into 10 distinct market areas, from which it was expected that gaming behavior (i.e. likelihood of visiting a casino, frequency of visiting casinos) would differ, based on relative proximity to gaming venue alternatives. These 10 market areas had a projected combined adult population of over 16.7 million for 2010.

As demonstrated later in this report, if the market was free from over-crowding constraints, it is estimated that between 29.5% and 31.5% of adults in the New York City area would participate in gaming annually in the first full year of Aqueduct operations, assumed to be 2010. This includes participation at all regional gaming facilities, and not just the participation at Aqueduct. The average gamer is estimated to make between 9.5 and 11 gaming trips per year in the region. In some of the outer market areas, participation rates are expected to be somewhat lower, whereas rates in central New Jersey markets may be relatively high due to the proximity of Pennsylvania facilities. The Aqueduct facility is expected to cater largely to the local market, consisting primarily of residents of Kings, Queens and Nassau counties, and as such would require minimal marketing efforts, with the exception of efforts to balance out demand to fill traditionally off-peak gaming hours. In total, the casino could attract between 10.3 and 11.7 million gamers per year, based on this unconstrained model.

Based on income characteristics of residents in the market area and the source of gamers by market area, it is projected that the average win per visit for the Aqueduct facility would range from $62 in Scenario 1, to $75 in Scenario 4.

In all but the traditional or basic racino facility evaluated in Scenario 1, Aqueduct is expected to be capacity constrained. Assuming the projected average win per visit of $62, and an estimated 10.3 million visits annually, the Scenario 1 product is expected to be capable of generating $638 million in gaming revenues, for a win per device per day of $389.

In Scenarios 2-4, the facility is not expected to be able to satisfy all of the market demand. In order to accommodate 11.7 million gamers annually, the facility would need to accommodate an average of nearly 31,500 gamers per day. As a result, with 4,500 gaming devices, the average machine would have to be able to accommodate an average of 7.11 *unique* gamers per day (also defined as 'turns per day'). Exceeding 7 turns per day is difficult to accomplish given that gamers generally spend on average 2.5 to 3 hours per gaming visit at non-destination style gaming facilities. As a result, some capacity constraints may be expected, though it is still likely that the racino could accommodate approximately 6.5 to 6.75 turns per day by using busing programs and other incentives to induce demand during off-peak periods.

With the addition of the Hard Rock brand, and eventually the Phase II hotel and entertainment complex, the number of turns per day is expected to increase (the availability of other amenities typically increases turns). As turns per day increase with the branding of the facility, it is expected that the win per visit would increase as well. The Hard Rock brand would bring with it a large degree of recognition as well as a database of gamers to target with its marketing efforts. This brand recognition will translate into "free" marketing for the facility, which will open up more advertising platforms to spend towards, with the same dollars generated from the VLT revenues. Further, once a Hard Rock branded hotel is complete, the facility will be able to market itself for overnight gaming visits, visits which typically generate greater wins per visit for a casino. The following table summarizes The Innovation Group's revenue estimates for the scenarios evaluated.

**Summary of Aqueduct Gaming Revenue Potential**

| | Gaming Win | Win/Visit | Gamer Visits | Win/Position | Increase in Win | Increase Win/Pos | % Change |
|---|---|---|---|---|---|---|---|
| **Scenario 1: Basic Racino** | | | | | | | |
| Full potential | $638,252,843 | $62 | 10,294,401 | $388.59 | | | |
| **6.27 turns/day** | **$638,252,843** | | 10,294,401 | **$388.59** | | | |
| | | | | | | | |
| **Scenario 2: Add Cap-Ex** | | | | | | | |
| Full potential | $758,561,074 | $65 | 11,670,170 | $461.83 | $120,308,231 | $73.25 | 18.8% |
| **6.5 turns/day** | **$693,956,250** | | 10,676,250 | **$422.50** | **$55,703,407** | **$33.91** | **8.7%** |
| | | | | | | | |
| **Scenario 3: Add HR Brand** | | | | | | | |
| Full potential | $849,004,894 | $73 | 11,670,170 | $516.90 | $90,443,820 | $55.06 | 14.2% |
| **6.65 turns/day** | **$794,620,969** | | 10,922,625 | **$483.79** | **$100,664,719** | **$61.29** | **15.8%** |
| | | | | | | | |
| **Scenario 4: Add Hotel and Phase II** | | | | | | | |
| Full potential | $881,439,986 | $75 | 11,752,533 | $536.65 | $32,435,092 | $19.75 | |
| **6.75 turns/day** | **$831,515,625** | | 11,086,875 | **$506.25** | **$36,894,656** | **$22.46** | **4.6%** |
| | | | | | | | |
| ***From Scenario 1 to 3*** | | | | | ***$156,368,126*** | ***$95.20*** | ***24.5%*** |

The ten-year growth potential for the racino, with the exception of the increase expected from the completion of Phase II, will be largely player-development driven, as the population growth expected for the market is negligible, and income growth would have only a minimal impact on incremental VLT expenditures. It should be expected that VLT growth for this facility could therefore be approximately 3% for the first year of operation and should stabilize in the range of 1.1% to 1.3% per year. Additional gaming devices will therefore likely be necessary in order to exceed these estimates. Growth would then be expected to continue at an average of 1.1 % to 1.3% in the long term, depending on larger economic forces.

# Validation

The market analysis makes certain assumptions regarding branding, and the use of the Hard Rock Brand in particular that must be validated. We have approached validation in two separate sections, first providing a review of the general impact of branding in casinos, and second focusing on the value of the Hard Rock Brand as demonstrated in market and marketing research.

## Historical Review of Casino Branding Impacts

Historically casino brands have had differing impacts on gaming revenues in different jurisdictions; however, the overwhelming trend is that branding has a positive impact on operations. There are several key effects of branding, which touch revenue, profit, capital operating cost and tax coverage areas. We would note that these impacts are meant to characterize well known national and international brands best. We have summarized the impact areas below:

- **Venue Cost, Quality and Attractiveness**: Branded gaming venues cost more on average to construct than unbranded facilities, however the quality and diversity of amenities in branded facilities tends to be meaningfully higher. This typically translates into a better patron experience.
- **Revenue Maximization**: Gaming and non-gaming revenue is typically higher in branded facilities where marketing programs, the diversity of activities and patron loyalty and affinity are usually highest.
- **Competitive Profile**: Branded facilities typically compete and withstand new competition more effectively than unbranded facilities, drawing on their differentiated product and national and/or international brand links and partnerships.
- **Profitability and Tax Coverage**: Some operating costs can be higher in a branded facility resulting from brand collateral costs and brand management activity. However, the marketing benefits resulting from brand recognition, and related reduced marketing costs, typically outweigh brand related expenses. In conjunction with increased revenue these reduced overall costs usually lead to a higher profit margin and reciprocal ability to cover gaming taxes while still providing a reasonable return to investors.

In this report we address general branding impacts primarily in the context of revenue impacts, the most widely publicly available data. While each market is different, with different competitive pressures, local area population sizes and demographics, and regulatory environments, on a whole, gamers have responded favorably to casino branding. Our review of historical gaming revenue generation points to the fact that branded facilities have enjoyed substantial premiums over their non-branded competitors, ranging from as little as 5% to as much as 117% (13%- to 21% in competitive markets). In this report, we have profiled sample markets in this analysis from across the United States that demonstrate the success of properties with varying degrees of branding against those without a brand.

## Value of the Hard Rock Brand

We believe the Hard Rock Brand exhibits the most important characteristics attributed to the brand impacts identified above. As a highly recognized international brand, marketing and revenue benefits are maximized where the brand is deployed. Furthermore, and as we cover later in this report, the staying power of the casino brand against competitors has been demonstrated in Las Vegas and Florida, among other locations.

In order to estimate the potential revenue impact that would accrue from branding the Aqueduct facility as a Hard Rock, The Innovation Group drew from a number of data sources, including: a 2,500 person survey of casino gamblers in the United States; proprietary research (focus groups and surveys) specifically evaluating the Hard Rock brand; and historical revenue performance of branded casinos in the U.S.

Based on our review of the data and research, The Innovation Group has estimated that branding of the Aqueduct facility as a Hard Rock could have a 15.8% impact on gaming revenues. This impact will be attributable to the attractiveness of Hard Rock as a brand, as well as to gamers' ability to redeem players' club points at warm weather facilities in Florida (Seminole Hard Rock in both Hollywood and Tampa, FL). This estimate, still toward the low end of that observed in competitive markets, reflects the unique characteristics of the Aqueduct facility's location and surrounding demographics. In markets where branding impacts are highest, surrounding populations have been significantly smaller than the New York market, and branding has helped to attract visitation from a wider demographic.

# *Conclusion*

Our quantitative and qualitative conclusions are cited above and reiterated throughout this report. First, we anticipate a robust revenue scenario at Aqueduct under each scenario we investigated. However, our findings overwhelmingly point to branding, and the Hard Rock Brand in particular, as having a meaningfully positive incremental effect on a racino at Aqueduct. The benefits are wide, ranging from revenue maximization for the operator and the State, to financial security in a competitive environment, to an extremely positive image of gaming development in the region. These findings are founded on strong historical data and consumer opinion, as detailed later in this report.

# Gaming Market and Revenue Forecast

The Innovation Group developed gravity models in order to calibrate the historical gaming behavior of regional residents, and ultimately to estimate the gaming revenue potential for Aqueduct. The general form of the model is that attraction is directly related to a measure of availability such as gaming positions and inversely related to the square of the travel distance. Thus the gravity model quantifies the effect of distance on the behavior of a potential patron and considers the impact of competing venues.

The regional market was carved into 10 distinct market areas, from which it was expected that gaming behavior (i.e. likelihood of visiting a casino, frequency of visiting casinos) would differ, based on relative proximity to gaming venue alternatives. These 10 market areas had a projected combined adult population of over 16.7 million for 2010.

## *Aqueduct Gaming Revenue Projections*

It is assumed that Aqueduct will open in 4Q2009 with 4,500 gaming devices. Yonkers Raceway would be the only other operator in the metro NYC market, operating 5,500 devices. Utilizing a gravity model, The Innovation Group assessed the potential gaming revenues for this facility under four scenarios:

- ***Scenario 1*** assumes a basic or traditional racino facility with very limited capital investment.
- ***Scenario 2*** assumes a state of the art facility as a result of significant capital investment.
- ***Scenario 3*** assumes a state of the art facility as a result of significant capital investment, and a Hard Rock brand for the entire development.
- ***Scenario 4*** assumes a state of the art facility as a result of significant capital investment, a Hard Rock brand for the entire development, and a Phase II expansion to include hotel, retail, and entertainment offerings.

As will be shown in the following sections of this report, it is expected that with the limited competition and only 4,500 gaming devices, capacity constraints could potentially occur in Scenarios 2-4. Gaming facility operators will need to strategically market the property in such a manner as to encourage mid-week and off-peak hour visitation (i.e. double player club points, morning busing programs) in order to maximize the amount of potential demand that actually is captured. Nevertheless in Scenarios 2-4, for peak periods, the revenue potential would reflect maximum machine performance potential rather than patron demand forecast calculations.

### Scenario 1

In establishing a baseline forecast for the Aqueduct facility, The Innovation Group assumed a traditional racino facility with very limited capital investment. As a basic VLT facility would not be as attractive to gamers as competitors' facilities in Atlantic City, Connecticut, and elsewhere, demand would be expected to be less than in Scenarios

2-4, and capacity constraints would not apply. Further, a low-quality casino would not attract as high-value of players as a state of the art one would.

As demonstrated in the following table, if the market was free from over-crowding constraints, it is estimated that between 29.5% and 31.5% of adults in the New York City area would participate in gaming annually in the first full year of Aqueduct operations, assumed to be 2010. This includes participation at all regional gaming facilities, and not just the participation at Aqueduct. The average gamer is estimated to make between 9.5 and 11 gaming trips per year in the region. In some of the outer market areas, such as the Suffolk County region, southern Catskills region, and Meadowlands region, participation rates are expected to be somewhat lower, whereas rates in central New Jersey markets may be relatively high due to the proximity of Pennsylvania facilities. The Aqueduct facility is expected to cater largely to the local market, consisting primarily of residents of Kings, Queens and Nassau counties, or the two primary market areas defined below, and as such would require minimal marketing efforts, with the exception of the earlier mentioned efforts to balance out demand to fill traditionally off-peak gaming hours. Based on our calculations, the top two market areas would reflect approximately 93% of the 10.3 million projected annual gamer visits that could potentially be generated by the local market at Aqueduct.

**Projected 2010 Gaming Market Demand for Aqueduct and Source of Visitation: Scenario 1**

| | Market Propensity | Market Frequency | Capture Rate | Gamer Visits | % of Aqueduct Demand |
|---|---|---|---|---|---|
| Nassau | 31.5% | 11.0 | 50.1% | 6,564,456 | 63.8% |
| Suffolk | 27.5% | 9.5 | 8.7% | 158,922 | 1.5% |
| North Queens | 29.5% | 10.0 | 59.1% | 3,046,739 | 29.6% |
| Manhattan/Bronx | 31.5% | 11.0 | 1.9% | 239,189 | 2.3% |
| Meadowlands | 27.5% | 9.5 | 4.0% | 209,470 | 2.0% |
| North Suburbs | 25.0% | 8.5 | 1.4% | 23,630 | 0.2% |
| Trenton | 34.0% | 12.0 | 0.4% | 21,285 | 0.2% |
| North Jersey | 33.0% | 11.5 | 0.3% | 10,829 | 0.1% |
| South Catskills | 33.0% | 11.5 | 0.4% | 7,195 | 0.1% |
| New Haven | 33.0% | 11.5 | 0.2% | 12,686 | 0.1% |
| **Total** | | | | **10,294,401** | |

Based on income characteristics of residents in the Aqueduct market area and the source of gamers by market area, it is projected that the average win per visit would be $62. At an estimated average win per admission of $62, the annual gaming revenue potential for VLTs at Aqueduct in 2010 would total $638 million. Based on the announced plan to install 4,500 gaming devices, this would yield an average daily win per position of $389.

**Scenario 1 Aqueduct Gaming Revenue Potential**

| Gaming Win | Win/Visit | Turns/Day | Win/Position/Day | Gamer Visits |
|---|---|---|---|---|
| $638,252,843 | $62.00 | 6.27 | $388.59 | 10,294,401 |

## Scenario 2

In Scenario 2, it was assumed that a very compelling gaming facility will be constructed where ancillary amenity development is substantial, and with broad food and beverage options and retail venues offered. A sports bar is expected to be one of the major components of this development. With such a large scale investment, player attitudes would be expected to be different than in Scenario 1, with visitation and revenues positively impacted.

Based on our calculations, the top two market areas would reflect approximately 91% of the 11.7 million projected annual gamer visits that could potentially be generated by the local market at the Scenario 2 Aqueduct facility.

**Projected 2010 Gaming Market Demand for Aqueduct and Source of Visitation: Scenario 2**

| | Market Propensity | Market Frequency | Capture Rate | Gamer Visits | % of Aqueduct Demand |
|---|---|---|---|---|---|
| Nassau | 31.5% | 11.0 | 55.3% | 7,250,736 | 62.1% |
| Suffolk | 27.5% | 9.5 | 11.5% | 209,591 | 1.8% |
| North Queens | 29.5% | 10.0 | 65.6% | 3,381,471 | 29.0% |
| Manhattan/Bronx | 31.5% | 11.0 | 3.6% | 441,661 | 3.8% |
| Meadowlands | 27.5% | 9.5 | 5.4% | 283,099 | 2.4% |
| North Suburbs | 25.0% | 8.5 | 2.0% | 32,274 | 0.3% |
| Trenton | 34.0% | 12.0 | 0.6% | 29,182 | 0.3% |
| North Jersey | 33.0% | 11.5 | 0.4% | 14,863 | 0.1% |
| South Catskills | 33.0% | 11.5 | 0.6% | 9,873 | 0.1% |
| New Haven | 33.0% | 11.5 | 0.3% | 17,419 | 0.1% |
| **Total** | | | | **11,670,170** | |

As demonstrated in the previous table, the racino is projected to attract 11.7 million gamers in 2010, or an average of nearly 31,500 gamers per day. In order to generate the demand as projected above, the average machine would have to be able to accommodate an average of 7.11 *unique* gamers per day (also defined as 'turns per day'). While it is not expected that there would be significant seasonal peaking characteristics, it should be expected that there would be some skewed demand towards weekends, even with a coordinated mid-week marketing push. Exceeding 7 turns per day is difficult to accomplish given that gamers generally spend on average 2.5 to 3 hours per gaming visit at non-destination style gaming facilities. As a result, some capacity constraints may be expected, though it is still likely that the racino could accommodate approximately 6.5 turns per day (91.5% of the unconstrained demand) by using busing programs and other incentives to induce demand during off-peak periods. Such a facility could be expected to generate an average win per visit of $65, resulting in gaming win of $694 million.

**Scenario 2 Aqueduct Gaming Revenue Potential**

| | Gaming Win | Turns/Day | Win/Position/Day | Gamer Visits |
|---|---|---|---|---|
| Unconstrained Potential | $758,561,074 | 7.11 | $461.83 | 11,670,170 |
| **Constrained at 6.5 turns/day** | **$693,956,250** | **6.50** | **$422.50** | **10,676,250** |

## Scenario 3

Taking into account The Innovation Group's experience and research with regard to casino branding in general and the Hard Rock brand in particular, coupled our understanding of the New York market, the potential revenues for a Hard Rock branded Aqueduct facility were estimated. The Hard Rock brand will bring with it widespread name recognition, added attractiveness to casino gamers and non-gamers alike, and the ability to tap into an existing players' club database. Hard Rock's name recognition will help the Aqueduct facility to overcome a low (lower than typical casino operations) marketing budget that will have limited ability to advertise and reach out to patrons. Hard Rock's connection to the music industry and popular musicians will help to draw to the site not only the typical gamer demographic, but to other demographic groups as well. Lastly, access to an established player database will be a tool by which the marketing team will be able to draw high-value gamers to the facility. Combined, these elements should have a positive impact on not only the average win per visit to Aqueduct, but on the number of turns per day that can be accommodated (wider demographic visiting facility at different hours of the day, not just at peak periods).

As in Scenario 2, the Aqueduct facility is expected to be capacity constrained. However, as the Hard Rock branding would be expected to draw a wider audience than the facility in Scenario 2, a greater spread of gaming visits across the hours of the day would be possible. As a result, some capacity constraints could be overcome, and it is likely that the racino could accommodate approximately 6.65 turns per day (93.5% of the unconstrained demand). The average win per visit for the Hard Rock branded facility would also be expected to increase over the previous scenario, reaching $73. As a result, gaming win of approximately $795 million should be attainable. This figure represents an increase of 15.8% over the non-branded facility in Scenario 2, and is in line with our research and what has been observed in other markets.

**Scenario 3 Aqueduct Gaming Revenue Potential**

| | Gaming Win | Turns/Day | Win/Position/Day | Gamer Visits |
|---|---|---|---|---|
| Unconstrained Potential | $849,004,894 | 7.11 | $516.90 | 11,670,170 |
| **Constrained at 6.5 turns/day** | **$794,620,969** | **6.65** | **$483.79** | **10,922,625** |

## Scenario 4

Scenario 4 assumes a second phase to the Scenario 3 Hard Rock branded development. In this phase is assumed a 550 room hotel as well as a retail/entertainment complex comprising 500,000 square feet (including 5,000 seat live theater). The addition of these amenities will further add to the attractiveness of the facility while increasing visitation through overnight visitors staying at the hotel. The following table details the estimated demand for the VLT facility in Scenario 4.

**Projected 2010 Gaming Market Demand for Aqueduct and Source of Visitation: Scenario 4**

| | Market Propensity | Market Frequency | Capture Rate | Gamer Visits | % of Aqueduct Demand |
|---|---|---|---|---|---|
| Nassau | 31.5% | 11.0 | 55.6% | 7,289,474 | 62.0% |
| Suffolk | 27.5% | 9.5 | 11.6% | 212,825 | 1.8% |
| North Queens | 29.5% | 10.0 | 66.0% | 3,399,805 | 28.9% |
| Manhattan/Bronx | 31.5% | 11.0 | 3.7% | 457,040 | 3.9% |
| Meadowlands | 27.5% | 9.5 | 5.5% | 287,920 | 2.4% |
| North Suburbs | 25.0% | 8.5 | 2.0% | 32,846 | 0.3% |
| Trenton | 34.0% | 12.0 | 0.6% | 29,707 | 0.3% |
| North Jersey | 33.0% | 11.5 | 0.4% | 15,131 | 0.1% |
| South Catskills | 33.0% | 11.5 | 0.6% | 10,051 | 0.1% |
| New Haven | 33.0% | 11.5 | 0.3% | 17,734 | 0.2% |
| **Total** | | | | **11,752,533** | |

Capacity constraints present could be somewhat overcome in this development scenario, as the presence of a hotel would encourage gamers to visit the racino over a wider range of hours during the day. It is likely in this case that the racino could accommodate 6.75 turns per day (94.3% of the unconstrained demand). And as hotel guests typically have higher gaming budgets than daytrip gamers, the average win per visit for the facility would be expected to increase to approximately $75. Under Scenario 4, The Innovation Group estimates the Aqueduct racino should be capable of capturing nearly 11.1 million gaming visits, for total gaming revenues of $831.5 million.

**Scenario 4 Aqueduct Gaming Revenue Potential**

| | Gaming Win | Turns/Day | Win/Position/Day | Gamer Visits |
|---|---|---|---|---|
| Unconstrained Potential | $881,439,986 | 7.16 | $536.65 | 11,752,533 |
| **Constrained at 6.5 turns/day** | **$831,515,625** | **6.75** | **$506.25** | **11,086,875** |

# VALIDATION

## *Impact of Casino Branding in U. S. Markets*

Anecdotally, many in the gaming industry speak to the impact of branding on a casino. However, well-known casino brands have had differing impacts on gaming revenues in different jurisdictions. While each market is different, with different competitive pressures, local area population sizes and demographics, and regulatory environments, on a whole, gamers have responded favorably to casino branding. Our review of historical gaming revenue generation points to the fact that branded facilities have enjoyed substantial premiums over their non-branded competitors, ranging from as little as 5% to as much as 117% (13%- to 21% in competitive markets).

The following section of this report evaluates the revenue performance of branded versus non-branded facilities in a number of markets throughout the United States.

## Atlantic City

Atlantic City is a unique market, and one which draws substantial visitation from the New York City area. The table below details the Market Share Ratios for each of the Atlantic City operators from 1990 through 2007. Market Share Ratios (MSRs) are a method by which properties of differing sizes, yet operating in the same market can be directly compared. MSRs are calculated by dividing a property's average Win Per Position Per Day by the market-wide average Win Per Position Per Day.

**Atlantic City Market Share Ratios**

| | Atlantic City Hilton | Bally's Park Place | Borgata | Caesar's Atlantic City | The Claridge | Harrah's Marina | Resorts International | The Sands | The Showboat | Tropicana (Tropworld) | Trump Marina | Trump Plaza | Trump Taj Mahal |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1990 | 1.04 | 1.15 | | 1.23 | 0.79 | 1.11 | 0.88 | 1.15 | 1.07 | 0.86 | 1 | 1.17 | 0.76 |
| 1991 | 0.96 | 1.1 | | 1.28 | 0.75 | 1.08 | 0.94 | 1.18 | 0.99 | 0.86 | 0.87 | 0.98 | 0.99 |
| 1992 | 0.93 | 1.04 | | 1.29 | 0.76 | 1.03 | 0.95 | 1.11 | 0.97 | 0.87 | 0.97 | 1.04 | 1 |
| 1993 | 1.03 | 1.09 | | 1.17 | 0.83 | 1.1 | 0.97 | 1.04 | 0.91 | 0.91 | 0.92 | 1.08 | 0.98 |
| 1994 | 1.15 | 1.1 | | 1.21 | 0.74 | 1.21 | 0.95 | 1 | 0.85 | 0.88 | 0.97 | 1 | 0.99 |
| 1995 | 1.06 | 1.17 | | 1.22 | 0.73 | 1.2 | 0.93 | 0.94 | 0.87 | 0.9 | 0.98 | 1.01 | 1.02 |
| 1996 | 1.06 | 1.22 | | 1.22 | 0.76 | 1.18 | 0.91 | 0.92 | 0.88 | 0.96 | 0.92 | 0.89 | 1.06 |
| 1997 | 1.1 | 1.09 | | 1.22 | 0.84 | 1.13 | 0.92 | 0.93 | 0.9 | 0.9 | 1.05 | 0.86 | 1.08 |
| 1998 | 1.15 | 0.99 | | 1.19 | 0.85 | 1.24 | 0.93 | 0.92 | 0.91 | 0.9 | 1.07 | 0.87 | 1.04 |
| 1999 | 1.28 | 1.04 | | 1.1 | 0.82 | 1.25 | 0.96 | 0.93 | 0.9 | 0.9 | 1.08 | 0.86 | 0.97 |
| 2000 | 1.31 | 1.04 | | 1.11 | 0.77 | 1.2 | 0.89 | 0.95 | 0.9 | 0.92 | 0.96 | 0.97 | 0.95 |
| 2001 | 1.35 | 1.03 | | 1.12 | 0.77 | 1.16 | 0.85 | 0.98 | 1 | 0.87 | 0.95 | 1.01 | 0.92 |
| 2002 | 1.27 | 1.03 | | 1.27 | 0.79 | 1.17 | 0.92 | 0.85 | 0.98 | 0.81 | 0.97 | 1.02 | 0.91 |
| 2003 | 1.31 | 0.98 | 1.27 | 1.35 | | 1.03 | 0.89 | 0.77 | 1 | 0.75 | 0.93 | 0.98 | 0.94 |
| 2004 | 1.22 | 0.94 | 1.47 | 1.27 | | 1.06 | 0.83 | 0.75 | 0.95 | 0.7 | 0.93 | 0.98 | 0.95 |
| 2005 | 1.12 | 0.93 | 1.55 | 1.26 | | 1.06 | 0.81 | 0.66 | 0.95 | 0.82 | 0.86 | 0.94 | 0.94 |
| 2006 | 1.04 | 0.92 | 1.36 | 1.3 | | 1.13 | 0.78 | 0.57 | 0.97 | 0.84 | 0.93 | 0.98 | 0.96 |
| 2007 | 0.95 | 0.9 | 1.24 | 1.3 | | 1.12 | 0.8 | | 0.91 | 0.76 | 0.94 | 1 | 1 |

Source: New Jersey Gaming Commission; The Innovation Group

In the Atlantic City market, national casino brands, such as Caesars and Harrah's, have historically fared better than local brands like Trump. As of 2007, the market leader remained **Caesar's Atlantic City with an MSR of 1.3**.

## California

Harrah's Rincon is a Native American facility which is located in the greater Temecula Valley/Escondido region in Southern California. This region contains numerous large-scale facilities including Pala Casino, Valley View Casino, Casino Pauma and Pechanga Resort and Casino and draws patrons from both the greater Los Angeles and greater San Diego market areas. Harrah's is the only branded property in the market. Harrah's does not own the property, it is owned by the Rincon Band of Mission Indians, but serves as a management partner.

While revenue totals for individual Native American casinos in California are not publicly available, according to an article by the *San Diego Tribune* (August 13, 2007), Harrah's Rincon generated $242 million in gaming revenue in 2005. On a win per position basis, based on our estimates of total market revenue, the property achieves a **25% to 35% premium** over Pala Casino which would be the most comparable casino in the market in terms of both size and location.

## Illinois

In Illinois, the few branded casinos have averaged a higher win per position than their non-branded rivals (from **8% to 31%** in any given year).

**Illinois Statewide Gaming Revenues: Branded v. Non-Branded Facilities**

| | 2004 | | 2005 | | 2006 | | 2007 | | 2008 (Jan-Apr) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. |
| **Branded** | | | | | | | | | | |
| Harrah's Joliet | $272,335,000 | $557.78 | $313,442,000 | $648.03 | $347,559,000 | $718.11 | $381,093,000 | $787.40 | $103,773,000 | $646.78 |
| Harrah's Metropolis | $142,968,000 | $296.28 | $145,559,000 | $306.90 | $160,449,000 | $333.88 | $170,053,000 | $354.09 | $42,681,000 | $270.92 |
| ***AVERAGE*** | | ***$427.03*** | | ***$477.46*** | | ***$526.00*** | | ***$570.75*** | | ***$458.85*** |
| **Non-Branded** | | | | | | | | | | |
| City of Lights | $229,564,000 | $471.95 | $240,996,000 | $496.81 | $265,688,000 | $547.92 | $272,477,000 | $561.96 | $77,487,000 | $480.41 |
| Casino Queen | $166,261,000 | $342.58 | $168,723,000 | $348.61 | $174,292,000 | $360.09 | $188,624,000 | $389.70 | $55,272,000 | $344.49 |
| Empress Joliet | $228,094,000 | $469.73 | $238,197,000 | $491.97 | $253,749,000 | $523.66 | $240,158,000 | $495.99 | $64,371,000 | $401.71 |
| Rock Island | $38,354,000 | $130.61 | $39,705,000 | $135.64 | $39,118,000 | $133.85 | $35,755,000 | $122.21 | $10,375,000 | $106.91 |
| Par-a-Dice | $132,648,000 | $278.45 | $132,339,000 | $285.00 | $130,974,000 | $281.66 | $132,756,000 | $285.92 | $39,960,000 | $258.61 |
| Grand Victoria | $400,474,000 | $830.19 | $407,063,000 | $845.47 | $430,261,000 | $875.13 | $436,766,000 | $901.75 | $118,941,000 | $742.43 |
| Alton Belle | $107,331,000 | $246.83 | $112,883,000 | $258.01 | $121,690,000 | $273.46 | $125,701,000 | $281.59 | $32,178,000 | $218.82 |
| ***AVERAGE*** | | ***$395.76*** | | ***$408.79*** | | ***$427.97*** | | ***$434.16*** | | ***$364.77*** |

Source: Illinois Gaming Board

With regard to the Joliet market, the impact of branding is even greater. Harrah's enjoys a **60% premium** over its non-branded competition, the Empress casino. While this figure is dramatic, the premium cannot be accounted for by brand alone – the Harrah's facility is in a superior location with access to a large population base, while the Empress casino lies in a much less populated area, attracting much of its visitation from its access to roadway traffic.

### Joliet Market Comparison

| | 2007 | | | | 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Admissions | Gaming Revs | Win/Admission | Win/Position | Admissions | Gaming Revs | Win/Admission | Win/Position |
| Harrah's Joliet | 2,992,104 | $381,093,000 | $127.37 | $787.40 | 903,419 | $103,773,000 | $114.87 | $646.78 |
| Empress Joliet | 2,109,545 | $240,158,000 | $113.84 | $495.99 | 606,130 | $64,371,000 | $106.20 | $401.71 |
| | | | | | | | | |
| Difference | 882,559 | $140,935,000 | $13.52 | $291.41 | 297,289 | $39,402,000 | $8.67 | $245.07 |
| % | 42% | 59% | 12% | **59%** | 49% | 61% | 8% | **61%** |

Source: Illinois Gaming Board; The Innovation Group

## Northern Indiana

In the northern Indiana market, branded facilities have earned a premium of **between 64% and 117%** over the past four years. However, greater facility quality and superior locations are partly responsible for this premium. The casinos in Hammond, IN (Horseshoe and Resorts) are the closest Indiana casinos to Chicago and have been able to make significant investments in their facilities. Majestic Star in Gary, IN is the furthest distance from the population base in Chicago, and has been able to invest only minimally in their facilities.

**N. Indiana Gaming Revenues: Branded v. Non-Branded Facilities**

| | 2004 | | 2005 | | 2006 | | 2007 | | 2008 (Jan-Apr) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. |
| **Branded** | | | | | | | | | | |
| Horseshoe | $379,196,354 | $452.26 | $418,621,093 | $493.29 | $432,183,087 | $506.05 | $444,797,273 | $529.66 | $156,400,322 | $564.19 |
| Resorts | $313,748,756 | $370.39 | $282,756,534 | $328.28 | $325,921,581 | $380.39 | $315,768,400 | $366.76 | $111,664,520 | $402.86 |
| ***AVERAGE*** | | ***$411.33*** | | ***$410.78*** | | ***$443.22*** | | ***$448.21*** | | ***$483.53*** |
| **Non-Branded** | | | | | | | | | | |
| Majestic Star I | $149,633,586 | $218.39 | $151,254,080 | $218.56 | $134,852,911 | $233.22 | $135,487,424 | $244.29 | $45,286,239 | $242.75 |
| Majestic Star II | $140,361,780 | $189.96 | $140,483,268 | $213.73 | $115,681,432 | $199.99 | $118,143,798 | $206.74 | $39,197,813 | $206.14 |
| Blue Chip | $232,727,751 | $314.92 | $235,005,505 | $320.95 | $289,125,927 | $319.68 | $256,655,000 | $278.76 | $62,761,835 | $219.00 |
| ***AVERAGE*** | | ***$241.09*** | | ***$251.08*** | | ***$250.96*** | | ***$243.26*** | | ***$222.63*** |
| **N. Indiana Market** | | | | | | | | | | |
| ***TOTAL*** | ***$1,215,668,227*** | ***$315.87*** | ***$1,228,120,480*** | ***$323.91*** | ***$1,297,764,938*** | ***$343.38*** | ***$1,270,851,895*** | ***$339.12*** | ***$415,310,729*** | ***$341.07*** |

Source: Indiana Gaming Commission

In early 2001, the Empress Casino in Hammond was re-branded as a Horseshoe facility. With that change, the casino enjoyed a substantial jump in win per position – **17.8% in its first year, and another 21% in the second**. The following table details this revenue performance.

**Impact of Branding in Hammond, IN:**
**Empress to Horseshoe**

| | Gaming Revenues | Win/Position | Growth in Win/Position |
|---|---|---|---|
| Empress | | | |
| 1998 | $220,642,586 | $306.58 | -12.0% |
| 1999 | $229,134,089 | $303.01 | -1.2% |
| 2000 | $237,256,437 | $327.09 | 7.9% |
| Horseshoe* | | | |
| 2001 | $262,223,936 | $385.38 | 17.8% |
| 2002 | $315,720,336 | $467.18 | 21.2% |
| 2003 | $350,678,876 | $463.84 | -0.7% |

*The Empress casino became a Horseshoe on March 1, 2001

Source: Indiana Gaming Commission; The Innovation Group

## Missouri

On average, branded properties in Missouri have historically received a **premium over non-branded properties, between 48% and 91%**. However, the non-branded facilities are small riverboat casinos, and the branded ones are newer, large scale facilities. When compared to less-recognizable brands such as President, the **premium achieved by big-name brands is less, ranging from 5% to 13%**.

**Missouri Statewide Gaming Revenues: Branded v. Non-Branded Facilities**

| | 2004 | | 2005 | | 2006 | | 2007 | | 2008 (Jan-Apr) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. |
| **Branded** | | | | | | | | | | |
| Harrah's Maryland Heights | $279,739,716 | $246.59 | $301,866,515 | $255.24 | $320,961,850 | $263.76 | $319,747,108 | $261.69 | $72,858,321 | $234.13 |
| Harrah's North Kansas City | $188,913,622 | $201.19 | $191,751,484 | $249.18 | $202,201,205 | $252.08 | $202,312,100 | $259.91 | $51,482,068 | $265.44 |
| Isle of Capri, KC | $103,874,650 | $164.43 | $94,801,925 | $146.89 | $90,933,146 | $144.06 | $83,822,289 | $140.99 | $21,399,580 | $159.07 |
| Isle of Capri, Boonville | $74,537,563 | $191.08 | $75,931,789 | $190.83 | $83,527,653 | $208.20 | $83,473,067 | $208.38 | $20,848,083 | $207.83 |
| ***AVERAGE*** | | ***$200.82*** | | ***$210.53*** | | ***$217.03*** | | ***$217.74*** | | ***$216.62*** |
| **Lesser Brands** | | | | | | | | | | |
| Argosy IV | $146,772,795 | $198.33 | $149,230,737 | $203.67 | $162,222,098 | $215.14 | $182,017,681 | $227.53 | $48,385,598 | $236.21 |
| President | $72,541,910 | $145.33 | $70,398,839 | $153.16 | $70,269,607 | $185.58 | $62,483,080 | $174.77 | $10,073,201 | $114.91 |
| Ameristar St. Charles | $295,090,983 | $212.12 | $305,720,282 | $217.27 | $303,765,270 | $217.87 | $296,744,025 | $219.03 | $73,237,696 | $224.01 |
| ***AVERAGE*** | | ***$185.26*** | | ***$191.37*** | | ***$206.20*** | | ***$207.11*** | | ***$191.71*** |
| **Non-Branded** | | | | | | | | | | |
| Aztar | $23,203,295 | $80.44 | $27,751,961 | $93.67 | $30,107,135 | $104.51 | $32,792,373 | $113.65 | $8,188,238 | $118.40 |
| Mark Twain | $26,858,094 | $121.38 | $31,992,674 | $136.17 | $32,483,714 | $126.87 | $32,307,506 | $117.82 | $8,931,459 | $131.04 |
| Lumiere | | | | | | | | | $37,713,874 | $173.89 |
| St. Joseph | $24,369,335 | $113.41 | $29,967,163 | $129.96 | $35,664,364 | $151.00 | $37,422,913 | $158.47 | $9,442,006 | $162.80 |
| ***AVERAGE*** | | ***$105.08*** | | ***$119.93*** | | ***$127.46*** | | ***$129.98*** | | ***$146.53*** |

Source: Missouri Gaming Commission; The Innovation Group

## Iowa

Iowa, a state with a long history of riverboat gaming and of non-branded facilities, has responded well to branded casinos. Branded casinos have typically fared better than non-branded ones, with an average win per position **premium of between 23% and 31%**.

**Statewide Gaming Revenues: Branded v. Non-Branded Facilities**

| | 2004 | | 2005 | | 2006 | | 2007 | | 2008 (Jan-Apr) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. | Gross Gaming Revs | Win/Pos. |
| **Branded** | | | | | | | | | | |
| Isle of Capri, Marquette | $42,851,564 | $133.83 | $43,153,234 | $141.14 | $40,536,889 | $138.52 | $36,331,735 | $129.76 | $10,630,809 | $123.83 |
| Argosy SC | $49,669,613 | $218.84 | $55,355,273 | $197.26 | $56,756,813 | $191.99 | $57,473,632 | $187.53 | $19,524,244 | $189.16 |
| Isle Casino, Waterloo* | | | | | | | $38,978,168 | $139.56 | $25,431,639 | $160.08 |
| Isle of Capri, Bettendorf | $104,751,112 | $221.39 | $101,457,838 | $213.25 | $93,863,538 | $196.74 | $91,775,346 | $201.72 | $32,511,027 | $218.49 |
| Ameristar II | $171,054,382 | $260.70 | $186,971,540 | $284.23 | $183,917,482 | $272.85 | $176,946,099 | $265.15 | $60,058,057 | $276.17 |
| Harrah's Council Bluffs | $113,189,498 | $216.85 | $121,419,751 | $231.25 | $107,976,682 | $236.38 | $98,192,729 | $230.11 | $32,337,366 | $223.31 |
| Horseshoe Council Bluffs | $133,938,009 | $237.22 | $125,580,014 | $213.54 | $186,062,288 | $237.27 | $195,717,215 | $238.92 | $67,058,260 | $243.23 |
| ***AVERAGE*** | | ***$214.80*** | | ***$213.44*** | | ***$212.29*** | | ***$198.96*** | | ***$204.90*** |
| **Non-Branded** | | | | | | | | | | |
| Diamond Jo, Dubuque | $50,960,606 | $163.62 | $51,173,630 | $160.23 | $44,665,824 | $138.59 | $40,524,796 | $126.31 | $13,058,280 | $122.78 |
| Diamond Jo, Worth ** | | | | | $49,403,839 | $280.30 | $73,029,818 | $208.47 | $25,942,700 | $195.44 |
| Mississippi Belle II | $26,996,343 | $125.16 | $26,918,303 | $125.00 | $28,232,483 | $134.83 | $27,944,613 | $146.81 | $9,089,700 | $140.15 |
| Catfish Bend | $31,490,525 | $133.15 | $30,789,449 | $129.74 | $29,814,193 | $129.93 | $34,977,389 | $99.00 | $12,859,227 | $131.45 |
| Lakeside | $58,666,346 | $145.45 | $53,173,176 | $125.85 | $60,498,928 | $135.86 | $56,970,374 | $126.61 | $18,277,359 | $125.25 |
| Wild Rose *** | | | | | $16,252,589 | $118.93 | $26,020,306 | $110.70 | $9,293,310 | $121.43 |
| Rhythm City | $77,417,309 | $187.17 | $76,586,042 | $186.51 | $74,838,189 | $182.00 | $60,523,469 | $147.38 | $19,795,064 | $148.62 |
| Riverside **** | | | | | $27,795,265 | $155.70 | $86,686,991 | $158.99 | $29,141,044 | $159.63 |
| Prairie Meadows | $161,473,996 | $268.48 | $181,259,598 | $284.61 | $182,592,706 | $268.41 | $188,722,634 | $248.46 | $66,057,153 | $254.78 |
| Dubuque Greyhound | $43,271,781 | $197.05 | $51,901,521 | $169.94 | $70,502,491 | $174.96 | $70,798,007 | $173.18 | $23,007,420 | $169.77 |
| ***AVERAGE*** | | ***$174.30*** | | ***$168.84*** | | ***$171.95*** | | ***$154.59*** | | ***$156.93*** |

*opened June 2007; **opened April 2006; ***opened May 2006; ****opened August 2006

Source: Iowa Racing and Gaming Commission; The Innovation Group

In March 2000, the Lady Luck Casino in Bettendorf, IA was re-branded as an Isle of Capri facility. With the addition of that brand, the property's win per position increased. In the first year after the re-branding (only a partial year as branding took effect in the 2nd quarter), revenues went up slightly (2.4%), however win per position in the first full year (2001) showed a strong **increase of nearly 27%**.

**Impact of Branding in Bettendorf, IA: Lady Luck to Isle of Capri**

| | Gaming Revenues | Win/Position | Growth in Win/Position |
|---|---|---|---|
| Lady Luck | | | |
| 1997 | $69,441,353 | $162.73 | 4.1% |
| 1998 | $80,963,450 | $168.61 | 3.6% |
| 1999 | $87,589,356 | $164.12 | -2.7% |
| Isle of Capri* | | | |
| 2000 | $88,723,475 | $168.03 | 2.4% |
| 2001 | $99,266,659 | $213.10 | 26.8% |
| 2002 | $97,847,561 | $210.17 | -1.4% |

*The Lady Luck casino became am Isle of Capri in March 2000

Source: Indiana Gaming Commission; The Innovation Group

# *Value of the Hard Rock Brand*

Hard Rock is a widely recognized, and highly thought of brand, which has casinos operating under the brand name in Las Vegas, Hollywood and Tampa, Florida, as well as Biloxi, Mississippi.

The following data on the popularity of this brand is taken from the "Portrait of American Gamblers" jointly published by Yesawich, Pepperdine, Brown & Russell and The Innovation Group. The data is based on a nationally representative sample of 2,500 "active casino gamblers," defined as adults who have visited a casino for the purpose of gambling on at least one occasion during the previous 12 months.

The question for which the following results are presented was "How interested are you in a ________________ theme/brand/concept for a casino?" Respondents were given the choice of five responses ranging from extremely disinterested to extremely interested. The data presented here combines the "interested" and "extremely interested" responses to this question.

## Brand Interest of National and Northeast Gamers

The Hard Rock brand enjoys high visibility among a wide range of age groups, from the current youth market to the aging Baby Boomer generation. This is advantageous to attracting not only the existing gamer demographic, which is heavily skewed in most American gaming markets to 35-year-olds, but also a new market of younger adults.

Primary research conducted for *Portrait of American Gamblers* shows high awareness of the Hard Rock brand among current casino gamers. The following table shows the percentage of respondents who indicated they were either extremely interested or interested in these brands/concepts/themes. It should be recognized that these were casino gamers and as such were over 21 years of age and skewed more to the older age cohorts. It is highly likely that given the greater visibility of the Hard Rock brand among the youth market that it would improve its ranking if the entire population were to be included.

In the national sample, Hard Rock came third out of nine brands surveyed. It is notable that the Hard Rock brand out performed the hugely successful NASCAR franchise. In the Northeast Region (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont), the percentage of attraction to Hard Rock is very similar to the national response. In fact, there is even a greater skewing toward the higher "Extremely Interested" category in the Northeast Region (13.8% versus 12.2%).

## Brand Interest of Racino Gamers

In our research, the Hard Rock brand was consistently ranked in the top three of the brands surveyed, with over 25% stating that they were "Very Interested" or "Extremely Interested" in it. Further, racino gamers were ten percent (10%) more interested in the Hard Rock brand than the general gaming sample.

**Extremely or Very Interested in a Brand**

| | % of Racino Gamers | % of Casino Gamers * |
|---|---|---|
| Margaritaville | 32.4 | 30.8 |
| House of Blues | 30.7 | 30.7 |
| Hard Rock | 27 | 25.5 |
| Victoria's Secret | 26.2 | 24.2 |
| Harley Davidson | 24.2 | 22.9 |
| Rolling Stone | 20.7 | 20.1 |
| NASCAR | 19.7 | 20.2 |
| Maxim | 17.8 | 13.7 |
| Playboy | 17.3 | 18 |

Source: Yesawich, Pepperdine, Brown & Russell; The Innovation Group

## Additional Brand Interest Research

For comparison purposes, we have included select data obtained from a Hard Rock brand survey and focus group sessions conducted by The Innovation Group on behalf of an existing United States casino facility. The groups were conducted in early 2008 to determine the relative appeal of a new themed licensing concept for the expansion the existing facility.

### Hard Rock Casino

There was an overwhelmingly positive reaction to this casino concept. It was felt to be exciting and highly differentiated for the region. This was driven primarily by the music and entertainment, specifically offering national acts and showcasing local talent. In addition it was deemed to have drawing power: "This matters. It will be a deciding factor. If I lived in ______, I'd come to ______ now." Key attributes of the Hard Rock brand were: it's universally known, consistency and longevity, national reputation, memorabilia, great atmosphere, energy, the big guitar on the wall, good food, fun, music, and Vegas casino associations.

If this concept were to be executed in _____, consumers were clear that it would have to be authentic. "Make sure you do it right." It can't be a "sparse execution." "If they are going to do Hard Rock then it has to be the real deal. No cutting corners. Can't be lacking in quality." They want the full ambiance, the atmosphere of Hard Rock that is fun, high energy and transports them from the day to day.

<u>Survey Highlights</u>

- In the market surveyed, there is a high level of awareness of the Hard Rock Hotel and Casino brand.
    - 73% of all respondents were at least Somewhat Aware of the brand
- The Hard Rock Brand was perceived as "A clean and well-kept facility"
- Hard Rock as a place to socialize or to party were low on the perceived attributes.
- One of the lowest ranked perceptions was "Is a place for people like me"

- If a Hard Rock were available in the surveyed location, 51% of respondents would be either Extremely or Moderately Likely to visit.
- If a Hard Rock were available in the surveyed location, 57% of respondents living 101-150 miles would take a gambling trip to it in the future (as compared to the survey-wide response of 37%).
- If the existing casino remodeled and replaced the existing casino with a new Hard Rock, 39% would increase their current visits.

Opportunities

Out of the survey, the following potential opportunities emerged for the existing gaming operator:

- The addition of a themed venue has the potential to drive incremental traffic and revenue among non-gamers who would come for the restaurant and the entertainment and stay for the gambling.
- A Hard Rock could generate new visits from those living outside of the day trip market, to stay at the existing casino hotel.
- An entertainment venue could increase visitation from those living 25-50 miles, and 101-150 miles away, and the latter could potentially be converted into a hotel stay.

# DISCLAIMER

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, and anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," “project,” or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.

# APPENDIX

## *Gravity Model Description*

A set of constrained gravity models were developed in order to estimate the gaming revenues for Aqueduct. Gravity models are commonly used in location studies for commercial developments, public facilities and residential developments. The general form of the equation is that attraction is directly related to a measure of availability such as gaming positions and inversely related to the square of the travel distance. Thus the gravity model quantifies the effect of distance on the behavior of a potential patron and considers the impact of competing venues.

The gravity model is an ideal tool to estimate the impact of new facilities in a market, including both the revenues of the new facilities and the resulting cannibalistic impacts on existing facilities. Using known gaming revenues and player data from existing operators' databases, a gravity model can be calibrated to reflect down to the zip code an actual gaming market. This calibrated model is then inflated for future market growth as projected in a market trend analysis. Finally, proposed new competition is input into the model and an estimate of the portion of gaming revenues of an existing facility cannibalized by the new casino is the output. The gravity model prepared for this analysis included the identification of ten discrete market areas, as shown on the accompanying map. Using our GIS software and Claritas database, the adult population, latitude and longitude, and average household income is collected for each zip code.

Each of these market areas is assigned a unique set of propensity and frequency factors. Utilizing surveys and analysis of player databases from operating casinos, studies of gaming behavior in other areas have shown that both propensity and frequency are directly related to travel distance to a casino. As travel times increase, both the percentage of persons who gamble and the number of times they visit a casino tends to decrease. Gaming behavior also varies based on the availability and quality of the gaming experience. Alternative forms of entertainment are also a factor in determining gaming behavior. Gamer visits are generated from zip codes within each of the market areas based on these factors. The gamer visits thus generated are then distributed among the competitors based upon the size of each facility, its attractiveness and the relative distance from the zip code in question. The gravity model then calculates the probabilistic distribution of gamer visits from each market area to each of the gaming locations in the market.

The next section provides a description and definition of the various components of the model.

### Gamer Visits

This measure is used to specify the number of patron trips to a gaming market, where an individual can make any number of separate visits in the course of a year. In order to estimate the gamer visits, market penetration rates, made up of the separate measures of propensity and frequency, are applied to the adult population in each zip code.

## Propensity

Propensity measures the percentage of adults who will participate in gaming within the zip code during the course of a given year. This varies based upon a number of factors, which includes the number of gaming venues, their quality and type (i.e., landbased versus riverboat, or full casino versus racetrack VLT-only facility), games permitted, availability of other entertainment and leisure options, and most importantly, distance from a gaming venue. Accessibility is also considered for each site, as bridges and public transportation routes are important considerations for the decision as to where to participate in gaming (the accessibility factor is more of a decision of *where* to game rather than *whether* to participate in gaming, and thus is addressed as an attractiveness factor as defined further below, rather than explicitly as a propensity issue).

## Frequency

This measures the average number of visits that an adult with a propensity to game will make annually to a gaming venue in the subject market. Frequency is a function of annual gaming budget as indicated by income variations, the number of venues in the market, and the quality and type of gaming facility. The frequency of visitation is inversely related to distance from a gaming venue, as fewer trips are made as convenience declines. However, the length of the average gaming trip increases with distance, such that an annual gaming budget for those living relatively far from a gaming venue may approach that of those living close by, for whom short gaming trips are typical.

## Win Per Visit

This is the average win by the gaming venue for each visit made. Generally, this increases with distance from the gaming venue reflecting the less frequent nature of the trips and the effort required to make them. These factors tend to create a larger proportion of more dedicated players and hence a larger win per visit. Average household income is also a factor in variances in win per visit.

## Attraction Factors

Attraction factors measure the relative attraction of one gaming venue in relation to others in the market. Attraction factors are applied to the size of the gaming venue as measured by the number of positions it has in the market. Positions are defined as the number of gaming machines plus the number of seats at gaming tables. A normative attraction factor for a full-scale gaming facility would be one. When this is applied to the number of positions in a gaming venue there is no change in the size of the gaming venue as calculated by the model and hence its attraction to potential patrons. A value of less than one adjusts the size of the gaming venue downwards and conversely a value greater than one indicates that the gaming venue has characteristics that make it more attractive. Attraction factors can be based on a number of components including branding, the level and effectiveness of marketing efforts, and the level of quality and amenities of a facility.

Attraction factors are also adjusted to model the presence of natural and man made boundaries which impact ease of access and convenience of travel in the market area, as well as the ease of access via public transportation, as may be critical in the New York market due to relatively low car ownership rates.

The sensitivity of the model to changes in these factors is not in the nature of a direct multiplication. For example, a doubling of the attraction factor will not lead to a doubling of the gamer visits attracted to the site. It will, however, cause a doubling of the attractive power of the gaming venue, which is then translated via non-linear equations into an increase in the number of gamer visits attracted to the gaming venue. This is based upon the location, size and number of competing gaming venues and their relationship to the market area to which the equation is applied. The variation of these factors is based upon the Innovation Group's experience in developing and applying these models, and consideration of the existing visitation and revenues. The latter represents the calibration of the model and has been accomplished by adjusting attraction factors to force the model to recreate the existing revenues and patron counts. In this analysis, attraction factors have been adjusted for each gaming facility for each of the discrete market areas.

## Market Carve-out

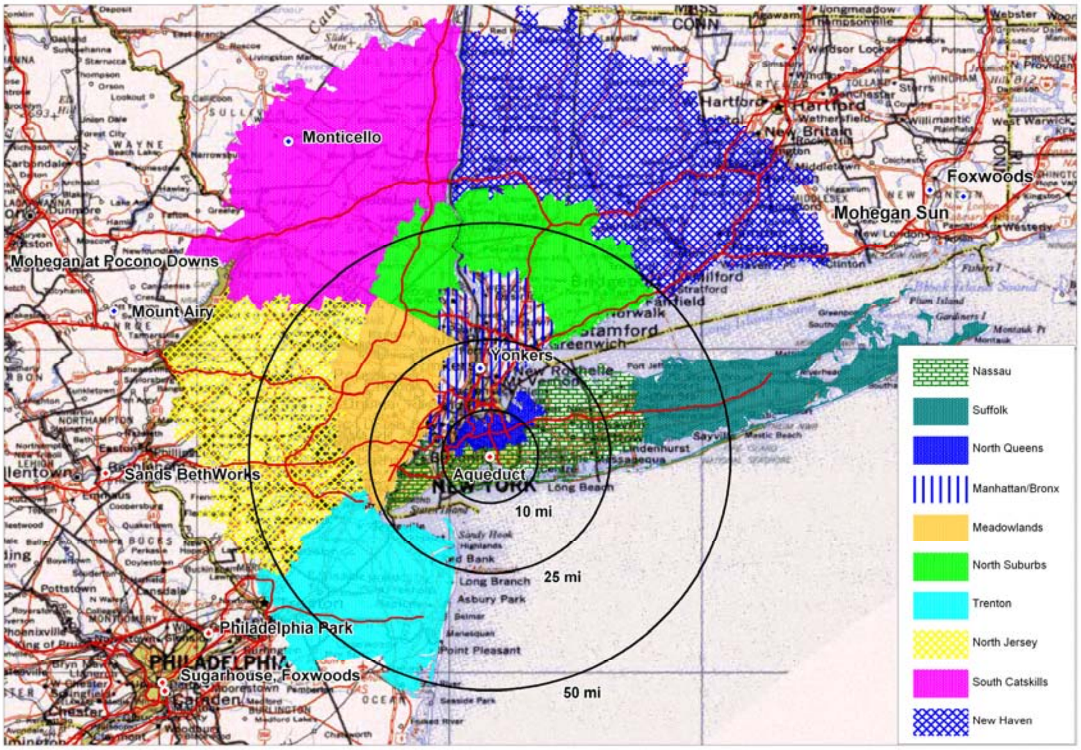
The market has been carved into ten distinct market areas, from which it could be expected that different participation rates may be expected depending on the level and location of competition that is present in the market currently and in the future. The metro New York City area is so densely populated that most any of the ten areas alone could support their own casino, as six of the ten market areas have adult populations in excess of one million, and two of the market areas have population well in excess of three million. Three of the market areas – North Queens, Nassau and Manhattan-Bronx will be the major feeder markets for the racinos in the New York City area market, and together they account for over nine million adults, or well over half of the regional total. Similarly, the defined Meadowlands market has an adult population of approximately 2 million. The following map and table show the market areas and their respective projected gamer population (18 and over) for 2010, the expected first full year of Aqueduct VLT operations:

**Local Market Adult Population by Market Area**

| | Gamers 2010 |
|---|---|
| Nassau | 3,785,390 |
| Suffolk | 699,843 |
| North Queens | 1,746,158 |
| Manhattan Bronx | 3,599,911 |
| Meadowlands | 2,009,853 |
| North Suburbs | 774,965 |
| Trenton | 1,271,157 |
| North Jersey | 916,976 |
| South Catskills | 448,148 |
| New Haven | 1,449,261 |
| **Total** | **16,701,662** |

Source: Claritas iXPRESS; The Innovation Group

**New York City Area Gaming Sites**




We have also assumed that VLT facilities planned for eastern Pennsylvania will be completed by 2010. This includes two facilities in downtown Pennsylvania, an expanded facility in Bensalem at Philadelphia Park, an integrated entertainment facility in Bethlehem, and an expanded facility at Pocono Downs. Additionally, the large-scale casino resort Mount Airy Lodge is expected to remain a market competitor. Another racino is operational south of Philadelphia in the town of Chester, though not very proximate to the New York City market.

## *Demographic Overview*

Aqueduct's main potential feeder market differs from that of Yonkers, with Yonkers' primary markets presumably being the neighboring Bronx and southern Westchester County markets. Aqueduct's proximate feeder markets would be from the Manhattan area through eastern Long Island, including the Staten Island market. The population density in the Brooklyn area and immediately surrounding areas is sufficiently large enough to support the operation of two large-scale facilities, with a total adult population well-exceeding most other U.S. gaming markets, some of which have far greater than two operators.

Some minor assumptions regarding the facility at Yonkers may also need to be considered. To date the operators have not made substantive improvements to the property to accommodate new patrons or highlight the VLT gaming operation, and as such the facility has under-performed its potential. It should be assumed that some improvements will be made to the property in the face of new competition, but not to the extent that it would be as attractive as a new operator.

A discussion is also merited regarding the difference in population bases surrounding Yonkers and Aqueduct, given Yonkers' historical VLT revenue performance. Yonkers currently generates a daily win averaging between $200 and $220 per device on its nearly 5,500 gaming devices. Facility management has struggled in its efforts to attract gamers, particularly from outside of the immediate market area, due largely to the lack of amenities offered at the property, minimal marketing efforts, and a poorly laid out facility. Density of the local population base, however, can overcome some hurdles, as there are many gamers that are only interested in games, and not aesthetics.

Nevertheless, when comparing Aqueduct with Yonkers, it is evident that the Aqueduct immediate area population base is considerably denser (more than 80% greater), with no overlap of the Yonkers primary feeder market.

### NYC Racino Demographics - 3 and 5 Mile Radii

| | 3-Mile Radius | | | 5-Mile Radius | | |
|---|---|---|---|---|---|---|
| | 2007 | 2012 | % Change | 2007 | 2012 | % Change |
| Total Population | | | | | | |
| Aqueduct | 493,554 | 493,098 | -0.09% | 1,452,169 | 1,454,456 | 0.16% |
| Yonkers | 263,097 | 260,040 | -1.16% | 756,899 | 753,466 | -0.45% |
| % difference | 87.59% | 89.62% | | 91.86% | 93.04% | |
| | | | | | | |
| Adults 18+ | | | | | | |
| Aqueduct | 362,022 | 364,139 | 0.58% | 1,077,794 | 1,085,357 | 0.70% |
| Yonkers | 201,312 | 200,250 | -0.53% | 564,429 | 566,901 | 0.44% |
| % difference | 79.83% | 81.84% | | 90.95% | 91.45% | |
| | | | | | | |
| Avg Household Income | | | | | | |
| Aqueduct | $54,777 | $59,847 | 9.26% | $56,723 | $62,091 | 9.46% |
| Yonkers | $69,287 | $75,311 | 8.69% | $70,993 | $77,363 | 8.97% |
| % difference | -20.94% | -20.53% | | -20.10% | -19.74% | |

Source: Claritas iXPRESS

The population surrounding Aqueduct is more diverse than surrounding Yonkers from an ethnicity standpoint, as evident from the following table. However, given that there are no other proximate gaming opportunities; the ethnic compositions do not reveal any significant potential for gaming behavior disparities.

### NYC Racino Demography by Race/Origin – 3 Mile Radius

| | 3-Mile Radius | | 5-Mile Radius | |
|---|---|---|---|---|
| | Aqueduct | Yonkers | Aqueduct | Yonkers |
| White | 27.2% | 52.5% | 28.7% | 42.2% |
| Black | 31.8% | 22.6% | 40.8% | 31.4% |
| Latino* | 30.3% | 26.5% | 23.8% | 29.1% |
| Asian | 11.6% | 5.4% | 9.9% | 5.4% |
| Other | 29.4% | 19.5% | 20.5% | 21.0% |

Source: Claritas iXPRESS. Note: The Latino population is a sub-component of the other races, thus totals to not add to 100%.

# NYC Metro Racetrack Site Descriptions

## Aqueduct

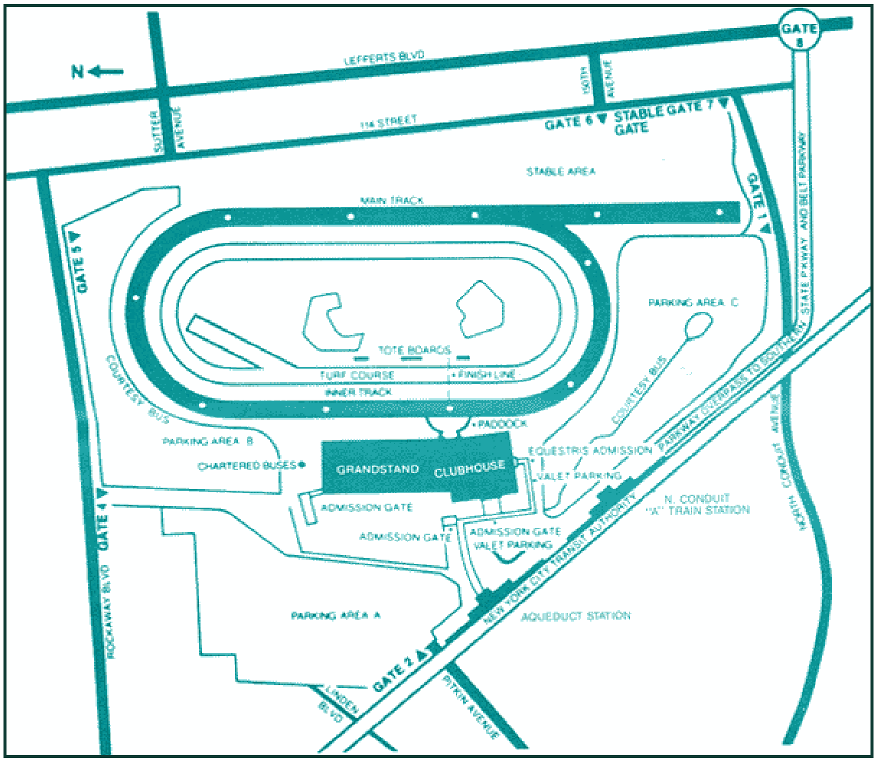
Aqueduct is located in Kings County, proximate to JFK Airport and Staten Island. The track is also located proximate to the major highways serving Long Island. In this analysis it is assumed that Belmont Park will not be permitted to install VLTs, and thus the proximity to that facility is not significant from a VLT revenue potential standpoint.


Aqueduct Racetrack is part of the NYRA network of New York racetracks, which collectively offer live thoroughbred racing year-round. Aqueduct's schedule is the longest of the 3 NYRA tracks, offering 2 seasons of live racing for a total of 122 days. The Winter/Spring racing season in 2008 runs from January 1 to April 27, for a total of 83 race days (Wednesdays through Sundays with some holiday exceptions). The fall meet in 2008 runs from October 29 through December 31st (also dark on Mondays and Tuesdays, with the exception of December 15-25, when there is daily racing), for a total of 39 race days.

The racetrack offers 3 courses for racing, including 2 dirt courses and 1 turf course, and has an attendance capacity of 40,000, with a seating capacity of 17,000. The parking capacity at the facility is 8,000 vehicles; however, public transportation access to the track is possible via the "A" train, for which a station is available adjacent to the parking area, and a shuttle bus is available to the admission gate. Presently, the "A" train (providing service from Manhattan through Aqueduct to Jamaica Bay and JFK) stops at

Aqueduct only on race days from 11 a.m. to 7 p.m.; however, it could be expected that once VLTs are operational, there would be demand for a more year-round/full-day schedule. The following four bus routes are also available, providing service to Queens and Brooklyn residents:

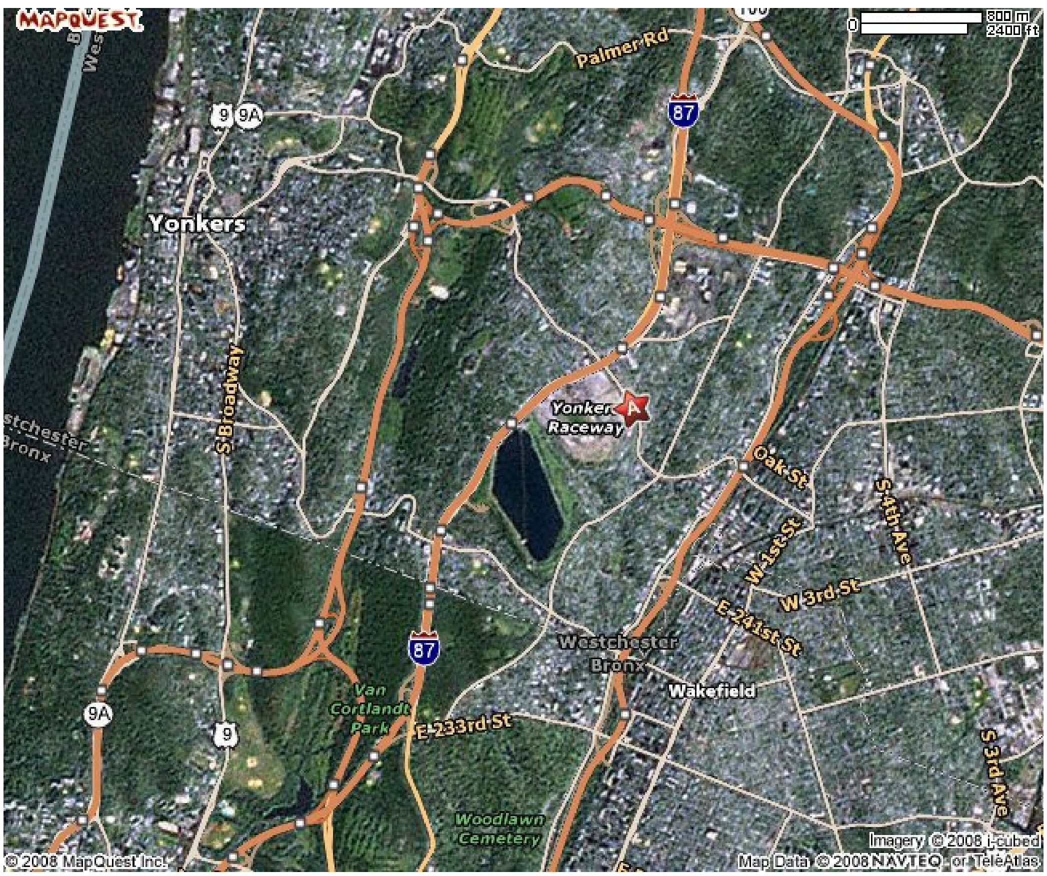
Q-7 – providing service from Euclid Avenue in Brooklyn to JFK Airport
Q-11 – providing service from Elmhurst to Howard Beach and Hamilton Beach
Q-37 – providing service from Kew Gardens to South Ozone Park/Union Turnpike
Q-41 - providing service from Jamaica to Howard Beach



## Yonkers

Yonkers Raceway is home to the only current VLT facility in the metro area market, dubbed "Empire City Gaming". Yonkers offers live harness racing throughout the year, with abbreviated schedules during the winter months, and racing six days a week during the summer months. The VLT facility currently offers nearly 5,500 gaming devices, averaging approximately $216 in win per device per day during the second half of 2007.

The operators have not made substantive changes to the property since the installation of gaming devices, and as such the facility attains well below its market potential given its status as a monopolist in the market. The property offers free parking, but is not easily accessible from mass transit – a bus line is necessary to access the facility from regional trains/subways. The facility does have very good interstate access, however, as evident from the previous map, as the property abuts I-87. Yonkers Raceway is located approximately 17 miles north of Aqueduct.



# Local Union No. 3
## International Brotherhood of Electrical Workers
### OF GREATER NEW YORK AND VICINITY

OFFICES AND HEADQUARTERS
158-11 Harry Van Arsdale Jr. Avenue, Flushing NY 11365
Phone 718-591-4000 • Fax 718-380-8998

200 Bloomingdale Road, White Plains NY 10605
Phone 914-948-3800 • Fax 914-948-1843

AFFILIATED WITH AFL-CIO

NEW YORK CITY
CENTRAL LABOR COUNCIL
AFL-CIO

BUILDING & CONSTRUCTION
TRADES COUNCIL
OF GREATER NEW YORK
AFL-CIO

AND ALL STATE AND
CENTRAL BODIES

May 14, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp.
420 Lexington Ave. – Suite 1800
New York, New York 10170

Dear Ed:

I am writing regarding SL Green Realty Corporation's submittal of a proposal to develop the hotel and racino project at Aqueduct Racetrack.

SL Green has a long time relationship employing contractors who employ members of Local Union No. 3. The union contractors perform both construction and maintenance. I know that SL Green has positive working relationships with many other building service and construction unions. Their willingness to sign a card check recognition and neutrality agreement is commendable.

I whole heartedly support SL Green's attempt to be the developer of this project.

Very truly yours,

Christopher Erikson

Christopher Erikson
Business Manager

CE:pc
opeiu/153

# Sheet Metal Workers' International Association
## Local Union No. 28
## Metropolitan New York and Long Island

MICHAEL V. BELLUZZI
President and Business Manager

May 14, 2008

Mr. Edward V. Piccinich
Executive Vice President
SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

Re: VLT Facility

Dear Mr. Piccinich:

We wanted to lend our support to SL Green Realty Corp.'s application to be selected as the developer for the construction of the VLT facility at Aqueduct.

Our members have worked on numerous jobs at SL Green buildings in New York City over the years, and SL Green has always ensured that the construction at its buildings is done by union labor and by contractors which respect and work together with the construction trades unions to provide the highest quality work.

We know that SL Green's selection will ensure that the VLT facility is constructed in the most efficient and effective manner, while at the same time benefitting the men and women who perform union trades' work in New York City.

Very truly yours,

Michael V Belluzzi

MICHAEL V. BELLUZZI
President and Business Manager

jl

500 Greenwich Street, New York, NY 10013
Tel. (212) [illegible] 7700 Fax (516) 746 [illegible]

INTERNATIONAL UNION OF OPERATING ENGINEERS
LOCAL UNION NO. 30 30-A, 30-B, 30-C, 30-D

HEADQUARTERS:
115-06 Myrtle Avenue, Richmond Hill, NY 11418
TEL: (718) 847-8484 • FAX: (718) 805-2172
www.iuoe30.org

Affiliated with the AFL-CIO

CONNECTICUT BRANCH:
77 Bedford Street • 4th Floor, Stamford, CT 06901
TEL: (203) 323-3736 • FAX: (203) 323-3769

June 13, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management & Construction
420 Lexington Avenue
18th floor
New York, NY 10170

Dear Ed:

We write in connection with SL Green Realty Corp.'s bid to develop the video lottery terminal at Aqueduct. We have worked with SL Green for over 10 years, representing approximately 16 of its employees in numerous properties in New York City.

SL Green has always been a supporter of employee rights, and has established an excellent working relationship with our Union in connection with its representation of the Company's employees. We wholeheartedly support SL Green's application and are sure that their selection will work to the benefit of the hundreds of employees who will be employed to construct and operate the facility.

Very truly yours,

John T. Ahern

John T Ahern
Business Manager &
Financial Secretary

32BJ SEIU
Stronger Together

SERVICE EMPLOYEES
INTERNATIONAL UNION
CTW, CLC

MICHAEL P. FISHMAN
President

KEVIN J. DOYLE
Executive Vice President

HÉCTOR J. FIGUEROA
Secretary-Treasurer

KYLE BRAGG
Vice President

LENORE FRIEDLAENDER
Vice President

BRIAN LAMBERT
Vice President

VALARIE LONG
Vice President

Online at
www.seiu32BJ.org

Local 32BJ Headquarters
101 Avenue of the Americas
New York, NY 10013-1991
212.388.3800

Connecticut District
800.228.5253
Hartford 860.560.8674
Stamford 203.602.6615

Westchester District
914.637.7000

Long Island District
516.579.4020

New Jersey District
866.5JANITOR
973.824.3225

Philadelphia District
215.226.3600

District 82
Washington 202.387.3211
Baltimore 410.225.7511
Silver Spring 301.562.9301

May 13, 2008

Edward V. Piccinich
Executive Vice President
Director of Management & Construction
SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

Dear Edward,

We write in connection with SL Green Realty Corp.'s bid to develop the video lottery terminal at Aqueduct.

This letter will confirm that Local 32BJ of the Service Employees International Union has a long standing positive working relationship with the SL Green Realty Corp. My union represents over 650 employees of SL Green Realty.

Based on our years of experience with SL Green, we support their application and believe that their selection will work to the benefit of the hundreds of employees who will be employed to construct and operate the facility.

Please feel free to contact me at 212-388-3875 if you have any questions.

Very truly yours,

Brian Lambert

Brian Lambert, Vice President
SEIU 32BJ

32BJ
SEIU
Stronger Together

SERVICE EMPLOYEES
INTERNATIONAL UNION
CTW, CLC

MICHAEL P. FISHMAN
President

KEVIN J. DOYLE
Executive Vice President

HÉCTOR J. FIGUEROA
Secretary-Treasurer

KYLE BRAGG
Vice President

LENORE FRIEDLAENDER
Vice President

BRIAN LAMBERT
Vice President

VALARIE LONG
Vice President

Online at
www.seiu32BJ.org

Local 32BJ Headquarters
101 Avenue of the Americas
New York, NY 10013-1991
212.388.3800

Connecticut District
800.228.5253
Hartford 860.560.8674
Stamford 203.602.6615

Westchester District
914.637.7000

Long Island District
516.579.4020

New Jersey District
866.5JANITOR
973.824.3225

Philadelphia District
215.226.3600

District 82
Washington 202.387.3211
Baltimore 410.225.7511
Silver Spring 301.562.9301

June 18, 2008

The Honorable David A. Paterson
Governor of New York State
Executive Chamber
State Capitol
Albany, NY 12224

Dear Governor Paterson:

I am writing regarding the SL Green Realty Corporation. Our Union has enjoyed a positive working relationship with SL Green for more than twenty years, and the company currently employs 650 SEIU Local 32BJ members in properties across New York City.

In our experience, SL Green's management ensures excellent service and offers consistent respect to workers on the job. They are committed to full development and have the foresight to partner with organizations offering state of the art operations. I believe the SL Green Realty Corporation will continue to deliver quality services and products if chosen to go forward on this project.

Please feel free to contact me with any questions at (212) 388-2121.

Thank you for your attention to this matter.

Sincerely,

Michael P. Fishman
President

MPF/EK

Telephone: (212) 245-7040
Fax: (212) 245-7886

International Union of Operating Engineers
Local Union No. 94, 94A, 94B

331-337 WEST 44th STREET, NEW YORK, N.Y. 10036

KUBA J. BROWN
Business Manager



May 13, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management & Construction
SL Green Realty
420 Lexington Avenue
New York, NY 10170

Dear Ed:

I write in connection with SL Green Realty Corporation's bid to develop the video lottery terminal at Aqueduct. We have over a ten year working relationship with SL Green, which represents over 111 of its employees in numerous properties in New York City.

SL Green has always been an avid supporter of employee rights, and has established an excellent working relationship with our Union in connection with its representation of the Company's employees.

The International Union of Operating Engineers - Local 94, wholeheartedly supports SL Green's application and is confident that their selection will work to the benefit of the hundreds of employees who will be employed to construct and operate the facility.

Very truly yours,

Kuba J. Brown
Business Manager/President
IUOE Local 94

KJB/jd

We Will Never Forget

BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D C
—
BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE
—
AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

EDWARD J. MALLOY
PRESIDENT

May 15, 2008

Mr. Daniel Tishman
Tishman Construction Corporation
666 Fifth Avenue
New York, NY 10103

Dear Mr. Tishman:

On behalf of the Building and Construction Trades Council of Greater New York and the 100,000 members represented by our affiliated unions, we are very pleased that SL Green Realty and Tishman Construction are pursuing the development of the Aqueduct VLT facility.

It is certainly the case that this team of two world-renowned New York firms has a longstanding record of utilizing union labor of the building and construction trades to create thousands of jobs with good wages and health and pension benefits. The selection of SL Green Realty and Tishman Construction for the development of the Aqueduct VLT facility would allow us to continue this record.

Please know that it would be our pleasure to work with you on this project, as it has been our pleasure to work with you on the many other projects where we have accomplished so much together.

Sincerely,

Edward J. Malloy

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

HOTEL-MOTEL TRADES COUNCIL NEW YORK AFL CIO

**New York Hotel and Motel Trades Council** Affiliated with AFL-CIO **707 Eighth Ave., NY, NY 10036 212/245-8100 Fax: 212/977-5714**

May 21, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management and Construction
SL Green
420 Lexington Avenue
New York, New York 10170

Dear Edward:

This letter serves to confirm that New York Hotel & Motel Trades Council have successfully concluded a card check and neutrality agreement with SL Green Realty Corp. This agreement will ensure that SL Green's selection will result in fair opportunities for workers who are hired for the Project to choose, in a fair and efficient manner, their bargaining representative, and thereafter to achieve a contract with fair wages and benefits.

We believe that the process followed in achieving this agreement has demonstrated SL Green's commitment to respect and safeguard the worker rights protected by the Racing Law. It also solidifies SL Green's commitment to work together with labor in general and the Trades Council, in particular, in order to provide Queens and New York City with a first class operation. We wholeheartedly support SL Green's application and are confident that your operation of a facility at Aqueduct will benefit not just the public generally, but the local labor force specifically.

We look forward to working with SL Green on this project.

Very truly yours,

Peter Ward
President

The City of New York
POLICE DEPARTMENT

August 22, 2008

Mr. Edward Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp
420 Lexington Avenue
New York, NY 10170

Dear Mr. Piccinich:

I am writing this letter in connection with SL Green Realty Corporation's bid to develop Aqueduct Racetrack. I applaud SL Green's effort to involve and engage the local Police Precinct in its plan for securing the site as it shows great cooperation.

I have been the Commanding Officer of the 106th Precinct for approximately one and a half years and the Executive Officer for an additional two years. Therefore, I understand the impact that redevelopment at Aqueduct will have on the local community. On behalf on of the entire precinct, we would like to thank you for your participation in this year's 106th Precinct "Night Out Against Crime" event at Edward Byrne Park and your donation to the event.

I look forward to coordinating security efforts for Aqueduct with your staff to ensure that the citizens, who will be directly affected by the coming development, continue to enjoy the safety and security that they deserve.

Very Truly Yours,

Joseph Courtesis
Captain, 106th Precinct

New York State Chapter of the National Association of Minority Contractors, Inc.
Brooklyn Navy Yard, 63 Flushing Ave., Unit #310, Suite 419 Brooklyn, NY 11205
Tel: (718) 246-8380 • Fax: (718) 246-8376 E-Mail info@nysamc.com



June 5, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

Dear Mr. Piccinich:

This letter confirms that the New York State Association of Minority Contractors (NYSAMC) has carefully reviewed the development plan submitted by SL Green Realty Corp. and its partner Hard Rock International, for the redevelopment of the Aqueduct VLT facility and civic components included in your proposal.

SL Green Realty is a New York City-based corporation that continues to invest in the future of New York. We greatly appreciate SL Green's strong commitment to the significant inclusion of local, minority and women-owned businesses in the redevelopment. Further, we look forward to working with your team in the realization of construction and supplier opportunities for our members.

Therefore, on behalf of our organization and our Queens-based members, we wholehearted lend our support of SL Green Realty/Hard Rock as the developer for the Aqueduct Raceway project.

Very truly yours,

Sincerely,

Lennox Britton
Managing Director

AMENY

**Association of Minority Enterprises of New York, Inc.**

135-20 Liberty Avenue - Suite 200 • Richmond Hill, New York 11419 • (718) 291-1641 • Fax (718) 291-1887

June 6, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

**Re: AMENY Support of SL Green Realty/Hard Rock's Aqueduct Proposal**

Dear Mr. Piccinich:

Based on our review of the three (3) redevelopment proposals for Aqueduct, the Association of Minority Enterprises of New York (AMENY) believes the SL Green Realty/Hard Rock International proposal will provide more opportunities for the Aqueduct and surrounding Queens' community to participate in the construction, business, and jobs this project will create.

AMENY is a 31 year minority business Trade Association based in Jamaica, Queens with over 400 members who seek construction and business contracts on the Aqueduct Redevelopment project.

In addition, AMENY previously worked with Mr. Mark O'Luck of Spectrum Personal Communications Corp., your Community Participation Consultant, to achieve over $100 million in M/WBE contract opportunities on the AirTrain and AirTrain Terminal @ Jamaica Station projects.

Therefore, it is AMENY belief that the SL Green Realty/Hard Rock International proposal represents the best hope of ensuring significant community participation on the Aqueduct Redevelopment project.

Sincerely,

James D. Heyliger

James D. Heyliger
President

Cc:

Greater Jamaica
Development
Corporation

90-04 161 Street
Jamaica, NY 11432
718 291-0282
Fax 718 658-1405

www.gjdc.org

June 9, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

Dear Mr. Piccinich:

We are writing to you to express our support for the redevelopment of the Aqueduct Racetrack into a world-class entertainment destination. We are enthusiastic about the participation of SL Green in the proposed project.

SL Green is widely recognized as an important corporate citizen of New York City, with a major investment in its future. We applaud SL Green's strong commitment to involve and engage the local community in its plan, working to stimulate the local economy by partnering with community-based organizations to increase business and job opportunities.

We would welcome the redevelopment of the track into a Hard Rock entertainment facility and the participation of SL Green in the growth of Southeast Queens.

Very truly yours,

F. Carlisle Towery
President

I:\Docs\CT Correspondence\Letter\Mr. Piccinich.doc

Circle of Sisters and Brothers MOVE, Inc.

135-20 ste2, Jamaica NY 114
Phone: 718-291-4867
Fax: 718-291-1887



June 6, 2008

Mr. Edward V. Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

Dear Mr. Piccinich:

Please accept this letter as COSAB (Circle of Sisters And Brothers) 100% support of the selection as SL Green Realty/Hard Rock International as the redeveloper of Aqueduct. COSAB is a 501©3 organization that provides Life Skills and Entrepreneur Training, its base operations are located in the Aqueduct community.

COSAB has been cited by NYC Council, NY State Assembly, and United State Congress for representing the community and small businesses. It is our strong belief that the SL Green Realty/Hard Rock International team is serious about providing employment opportunities for residents of the local community. Moreover, after reviewing your proposal, it more closely mirrors the long held aspirations of the community.

Sincerely,

Adrienne Hayes
Chief Executive Officer

June 7, 2008

Hon. David Paterson
Governor of New York State
The Executive Chamber, Capitol
Albany, NY 12224

Dear Governor Paterson:

For many years, residents in Southwestern Queens have been extremely concerned with the future of Aqueduct Racetrack. In 1994, the Aqueduct Race Track Study, a collaborative effort between the Office of the Queens Borough President, the Queens Department of City Planning, State and City elected officials whose districts include the Aqueduct Racetrack land mass, and Queens Community Board 10 was released. Over the years there were reports about the closure of the Aqueduct Race Track and potential sale of the land. Those reports prompted the study. Low-density residences consisting primarily of one and two family homes surround Aqueduct Racetrack. That study provided a framework for development that had the support of the community at the time and included recommendations concerning recreational facilities, housing, open space and community facilities.

Over the last few years Community Board 10, which serves the immediate area surrounding the racetrack, has worked diligently with local elected representatives to keep the community informed and to insure that the viewpoints of local residents have been heard. Repeatedly, our Community Board has stressed on our behalf our view that the facilities comprising Aqueduct Racetrack are situated virtually in the center of our neighborhoods, as they are located in the center of the Community Board area. The Community Board has stressed on our behalf that it is the immediate area, which will be most directly affected by whatever the development of the VLT facility at Aqueduct Racetrack brings.

None of the entities seeking to be selected as the VLT operator at Aqueduct have conducted any public presentation in the local community of their plans as to how they would develop the VLT operation. Only one of the proposers, SL Green, has engaged in any direct outreach to local community organizations, which serve the immediate neighborhoods surrounding Aqueduct Racetrack. We appreciate that outreach. That outreach has resulted in SL Green incorporating facets of the Aqueduct Racetrack Study into its proposal, which reflect the study's overall concept of utilizing the site cohesively. That we also appreciate as it is indicative of concern for local views.

We have respected that the decision as to who would be selected to run the VLT operation was yours to make. We have presented our views to our local State representatives with the expectation that they would insure that you were aware of local viewpoints. Whatever the positive or negative effects will be on the wider geography of Queens or New York City, it is we, and the neighborhoods whose residents we serve, who will be most directly affected by the coming development. It is our view that your decision should not be swayed by groups purporting to be representative of "community" opinions in our neighborhoods that are in immediate proximity to the racetrack.

Therefore we urge that you evaluate any indications of support for any of the proposals before you coming from community groups carefully and that you not assume that those groups function in the immediate vicinity of the racetrack. We urge you to determine if the network of local area civic and community groups like ours who meet regularly and publicly within the local community with residents concur with the views put forth by any supposedly local area groups communicating with you their indications of support for particular proposals.

It is our view that any indications of support for any of the specific proposals before you purporting to be from the local area and purporting to be representative of the views of the local community surrounding Aqueduct may be misleading. It is our view that you should not construe the support any such letters express as being representative of those of us who will be most affected by your decision as to which entity you will select as the VLT operator. In regard to decisions to be made regarding the future of Aqueduct

Racetrack we urge you to consult with Community Board 10 our local NYC governmental entity, which consults with us and local residents as to our viewpoints on the decision before you.

Very truly yours,

| **Organization** | **Area Served** |
|---|---|
| South Ozone Park Civic Association West | (South Ozone Park, NY 11420) |
| Locust Grove Civic Association | (South Ozone Park, NY 11420) |
| Richmond Hill South Civic Association | (Richmond Hill, NY 11419 & South Ozone Park, NY 11420) |
| Ozone Park Civic Association | (Ozone Park 11417) |
| South Ozone Park Community Development Corporation | (South Ozone Park, NY 11420) |
| Intercommunity Civic Association | (Richmond Hill, NY 11419 & South Ozone Park. NY 11420) |
| 106 Pct. Community Council | (Ozone Park 11417, South Ozone Park, NY 11420, Howard Beach, NY 11414, & Richmond Hill, NY 11419) |
| Howard Beach CD Foundation | (Howard Beach, NY 11414) |

**Local Union No. 3**
**International Brotherhood of Electrical Workers**
**OF GREATER NEW YORK AND VICINITY**

**OFFICES AND HEADQUARTERS**
158-11 Harry Van Arsdale Jr. Avenue, Flushing NY 11365
Phone 718-591-4000 • Fax 718-380-8998

200 Bloomingdale Road, White Plains NY 10605
Phone 914-948-3800 • Fax 914-948-1843

AFFILIATED WITH AFL-CIO

NEW YORK CITY
CENTRAL LABOR COUNCIL
AFL-CIO

BUILDING & CONSTRUCTION
TRADES COUNCIL
OF GREATER NEW YORK
AFL-CIO

AND ALL STATE AND
CENTRAL BODIES

June 8, 2009

Mr. Edward V. Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp.
420 Lexington Ave. – Suite 1800
New York, New York 10170

Dear Ed:

I am writing once again regarding SL Green Realty Corporation's submittal of a proposal to develop the hotel and racino project at Aqueduct Racetrack. SL Green has a long time relationship employing contractors who employ members of Local Union No. 3. The union contractors perform both construction and maintenance. I know that SL Green has positive working relationships with many other building service and construction unions. Their willingness to sign a card check recognition and neutrality agreement is commendable.

I whole heartedly support SL Green's attempt to be the developer of this project.

Very truly yours,

Christopher Erikson

Christopher Erikson
Business Manager

CE:pc
opeiu/153

Telephone: (212) 245-7040
Fax: (212) 245-7886

KUBA J. BROWN
*President*
THOMAS F. COSTELLO
*Vice President*
JOHN W. KRAMER
*Treasurer*
ROBERT ZIMMER
*Financial Secretary*
THOMAS M. HART, JR.
*Recording Secretary*

International Union of Operating Engineers
Local Union No. 94, 94A, 94B

331-337 WEST 44th STREET, NEW YORK, N.Y. 10036

KUBA J. BROWN
Business Manager

***BUSINESS REPRESENTATIVES***
THOMAS F. COSTELLO
KELLY A. DRUMMOND
MICHAEL GADALETA
THOMAS M. HART, JR.
JOHN W. KRAMER
RAYMOND J. MACCO
JOHN M. REDDEN, JR.

June 8, 2009

Mr. Edward V. Piccinich
Executive Vice President
Director of Management & Construction
SL Green Realty
420 Lexington Avenue
New York, NY 10170

Dear Ed:

I write in connection with SL Green Realty Corporation's bid to develop the video lottery terminal at Aqueduct. We have over a ten year working relationship with SL Green, which represents over 111 of its employees in numerous properties in New York City.

SL Green has always been an avid supporter of employee rights, and has established an excellent working relationship with our Union in connection with its representation of the Company's employees.

The International Union of Operating Engineers - Local 94, wholeheartedly supports SL Green's application and is confident that their selection will work to the benefit of the hundreds of employees who will be employed to construct and operate the facility.

Very truly yours,

Kuba J. Brown
Business Manager/President
IUOE Local 94

KJB/jd

We Will Never Forget

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.
—
BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE
—
AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Joseph Addabbo, Jr.
New York State Senate
Albany, NY 12247

Dear Senator Addabbo:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.
—
BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE
—
AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Eric Adams
New York State Senate
Albany, NY 12247

Dear Senator Adams:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.
—
BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE
—
AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Jeff Klein
New York State Senate
Albany, NY 12247

Dear Senator Klein:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.
—
BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE
—
AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Pedro Espada, Jr.
Majority Leader
New York State Senate
Albany, NY 12247

Dear Senator Espada:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.

BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE

AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable John Sampson
Democratic Conference Leader
New York State Senate
Albany, NY 12247

Dear Senator Sampson:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.

BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE

AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Malcolm Smith
Temporary President
New York State Senate
Albany, NY 12247

Dear Senator Smith:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

BUILDING &
CONSTRUCTION
TRADES COUNCIL
OF GREATER NEW YORK

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.

BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE

AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable J. Gary Pretlow
New York State Assembly
Albany, NY 12248

Dear Assembly Member Pretlow:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.
—
BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE
—
AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Audrey Pheffer
New York State Assembly
Albany, NY 12248

Dear Assembly Member Pheffer:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.
—
BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE
—
AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Susan John
New York State Assembly
Albany, NY 12248

Dear Assembly Member John:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.

BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE

AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable Sheldon Silver
Speaker
New York State Assembly
Albany, NY 12248

Dear Speaker Silver:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

**BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK**

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.

BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE

AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

August 18, 2009

Honorable David Paterson
Governor
State of New York
Executive Chamber, The Capitol
Albany, NY 12224

Dear Governor Paterson:

The Building and Construction Trades Council of Greater New York, which consists of local affiliates of 15 national and international unions representing 100,000 members in the five boroughs of New York City, urges you to consider the importance of redeveloping Aqueduct Racetrack in a manner which assures that the resulting economic opportunities are shared by working men and women.

To assure that this outcome occurs, and that we create jobs paying good wages with health insurance and pension benefits, our organization will only support proposals that demonstrate a strong commitment to exclusively utilize labor of our affiliated unions for building and construction work in the redevelopment of Aqueduct.

At this time, only one proposer, SL Green, which will use Tishman Construction, a construction manager with a longstanding record of having collective bargaining agreements with our affiliated unions and using contractors and subcontractors also having such collective bargaining agreements, has demonstrated this commitment to our satisfaction.

We therefore urge you to favorably view this very important element of SL Green's proposal and to only support proposals with such credentials. Should you have any need for further information or assistance, please do not hesitate to contact us. Thank you for your consideration.

Sincerely,

Gary LaBarbera

Gary LaBarbera

71 WEST 23rd STREET • SUITE 501-03 • NEW YORK, NEW YORK 10010
TEL. (212) 647-0700 • FAX (212) 647-0705

June 11, 2009

Mr. Edward Piccinich
Executive Vice President
Director of Management and Construction
SL Green Realty Corp
420 Lexington Avenue
New York, NY 10170

Dear Mr. Piccinich:

I am writing this letter in connection with SL Green Realty Corporation's bid to develop Aqueduct Racetrack. I applaud SL Green's effort to involve and engage the local Police Precinct in its plan for securing the site as it shows great cooperation.

I have been the Commanding Officer of the 106th Precinct for over two years and the Executive Officer for an additional two years. Therefore, I understand the impact that redevelopment at Aqueduct will have on the local community. On behalf on of the entire precinct, we would like to thank you for your participation the annual "2008" 106th Precinct "Night Out Against Crime" event at Edward Byrne Park and your donation to the event.

I look forward to coordinating security efforts for Aqueduct with your staff to ensure that the citizens, who will be directly affected by the coming development, continue to enjoy the safety and security that they deserve.

Very Truly Yours,

Joseph Courtesis

Joseph Courtesis
Captain, 106th Precinct

# INSERT

# TAB

**Proprietary Information**

**Section 6 – Proprietary Information:**

The following items contained in this bid submission shall be considered confidential and proprietary information:

- Section 1.0 - Transmittal Letter
- Section 5.0 – 4.1 - Business Organization
- Section 5.0 – 4.2 - Hard Rock Financial Statements
- Section 5.0 – 4.3 - Quality Assurance Programs for all parties
- Section 5.0 – 4.5 - Capital Plan
- Section 5.0 – 4.6 - Marketing Plan
- Section 5.0 – 4.7 - Financing Plan
- Section 5.0 – 4.8 - MBE/WBE Plan
- Exhibits: MOU
- Exhibits: Appendices

# INSERT

# TAB

**License Application**

**Section 7 – Video Lottery Licensing:**

SL Green Realty Corp., Hard Rock International and Clairvest Group Inc. have each submitted video lottery license applications and were each found to be licensable during last year's bidding process. There have been no material changes since then that would impact each member's standing. That being said, Vendor would be happy to answer any further questions that the Lottery may have in order to confirm Vendor is still licensable.

In addition, Jeff Gural, Dan Tishman and Robert L. Johnson were each found to be licensable; furthermore, Marc Holliday and Jeff Gural are currently licensed in New York.

# INSERT

# TAB

**Checklist**

**Attachment 3**

## DOCUMENT SUBMITTAL CHECKLIST

| Description of Document | Section of RFP | Filing Requirements | Checklist |
|---|---|---|---|
| MOU, Ground Lease, Sublease | §1.1 | With Proposal | Completed (1) |
| License Application | §1.3 | With Proposal | Completed |
| Procurement Lobbying: Bidder/Offeror Disclosure/Certification Form **(Appendix B)** | §1.9 | With Proposal | Completed |
| Non-Collusive Bidding Certificate **(Appendix C)** | §1.13 | With Proposal | Completed |
| Freedom of Information Law - Designation of Proprietary Information<br><br>Separate document identifying each designation. | §1.14 | With Proposal | Completed |
| NYS Vendor Responsibility Questionnaire **(Appendix F)** | §2.5 | With Proposal | Completed |
| MacBride Fair Employment Principals (Northern Ireland Stipulation Form) **(Appendix G)** | §2.6 | With Proposal | Completed |
| Sales & Use Tax **(Appendix H)**<br>• ST220-CA (submit to Lottery)<br>• ST220-TD (submit to DTF) | §2.7 | With Proposal<br>At time of Proposal | Completed |
| Equal Employment Opportunity (EEO) Policy Statement **(Appendix D)**<br>• Staffing Plan (D-2) | §2.9 | With Proposal | Completed |
| Minority and Women-Owned Business Enterprise Program **(Appendix E )**<br>• Summary of MBE/WBE Utilization Plan<br>• Experience (meeting or exceeding MWBE goals) | §2.9 | With Proposal | Completed |

**NOTE:** Vendors should include this completed checklist with their technical Proposal responses.

(1) See attached signed MOU regarding the Ground Lease and the Sublease.

# INSERT

# TAB

**Exhibits – MOU and Ancillary Documents**

**AQUEDUCT REAL ESTATE LLC**
**AQUEDUCT OPERATOR LLC**
c/o SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170

June 29, 2010

**BY HAND**

New York State Division of the Lottery
Finance Office
One Broadway Center
Schenectady, New York 12305
Attention: Ms. Gail P. Thorpe, Contracting Officer

Re: The Division of the Lottery's Request for Proposals on May 11, 2010, for an award of a Video Lottery License to develop and operate a Video Lottery Facility at Aqueduct Racetrack, as clarified by the (a) Questions and Answers dated May 25, 2010, June 11, 2010, and June 22, 2010, and (b) amendment(s) dated June 22, 2010, (collectively, the "Aqueduct RFP")

Dear Ms. Thorpe:

It is with great pleasure that we submit the enclosed Memorandum of Understanding (the "Revised MOU") in response to the Aqueduct RFP.[1] If we are selected as the winning bidder, provided (a) the State executes the Revised MOU and (b) all of the Transaction Documents (amended as set forth in the Revised MOU and otherwise in accordance with Exhibits A, B and C annexed hereto[2]) are executed by all parties thereto, we shall deposit the Licensing Fee together with the Transaction Documents in escrow to be released in accordance with the Escrow Release Conditions set forth in the Revised MOU. If the escrow arrangement proposed in the MOU is not satisfactory to you, we are happy to discuss alternative suggestions that are mutually acceptable.

Although we are not making the following requests conditions to our bid, if we are the successful bidder, we would request that: (i) the State agree to use reasonable efforts to obtain the approvals and/or authorizations necessary to obtain energy cost savings for the Vendor's Facilities for a period to be agreed upon by State and Vendor and reflected in the Transaction Documents,

---

[1] Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Revised MOU.
[2] Please note that we have assumed that the Division of the Lottery will have obtained any approvals required from the Comptroller of the State of New York, the Attorney General, ESDC, FOB, OGS and any other governmental agencies required to approve the Revised MOU or any of the Transaction Documents at or prior to the time the Transaction Documents are placed in escrow with the Licensing Fee.

through the Con Edison Business Incentive Rate Program and Rider J applicable to Service Classification Nos. 4 and 9, as amended, the New York Power Authority, the New York State Economic Development Power Board, the New York Public Utility Service and/or the Energy Cost Savings Program (in each case, to the extent applicable) and (ii) the State agree to cooperate with Vendor to enable Vender to enter into an agreement with the MTA (the "Subway Improvement Agreement") pursuant to which the MTA agrees, at its sole cost and expense, to renovate the Aqueduct subway station and improve the Aqueduct subway line to provide for frequent direct stops in both directions from such station and amend its schedule accordingly, such improvements to include such items as upgraded and improved lighting and repainting and refurbishing the subway station and reactivation by the MTA of the decommissioned switch to allow Rockaway-bound trains to stop on the New York City bound platform.

We will be happy to respond to any questions you may have concerning our proposal or provide any additional information you may require in order to evaluate our proposal.

Thank you in advance for your consideration.

Sincerely yours,

AQUEDUCT REAL ESTATE LLC

By: ______________________
Name:
Title:

AQUEDUCT OPERATOR LLC

By: ______________________
Name:
Title:

## EXHIBIT A

## REQUIRED MODIFICATIONS TO VIDEO LOTTERY FACILITY GROUND LEASE

The modifications set forth below must be made to the Video Lottery Facility Ground Lease prior to Escrow Closing:

1. **Term**. The term of the Video Lottery Facility Ground Lease has to be co-terminous with the term of the Revised MOU, including the extension term.

2. **Assignment and Subletting**

(a) Affiliate Subleases. The Lessee under the Video Lottery Facility Ground Lease must be entitled to enter into one or more subleases (collectively, the "**Affiliate Subleases**") of the Video Lottery Facility with affiliates of Vendor (each, an "**Affiliated Sublessee**") on such terms and conditions as Vendor shall determine in its sole discretion, without the State's consent; provided, in no event shall any Affiliate Sublessee be a Prohibited Person and the Lessee remains liable.

(i) Affiliate Subleases may include, but not be limited to:

(A) A sublease of the Renovation Premises; and

(B) A sublease of the Parking Facility; or

(C) A sublease of both the Renovation Premises and the Parking Facility (the "VLT Facilities Sublease"); and

(D) Vendor and/or the Affiliate Sublessees shall also be entitled to enter into one or more operation or management agreements with affiliates of Vendor or third parties (each, a "Manager" or "Operator") to manage Vendor's Facilities, without consent of State, so long as each such Manager or Operator is not a Prohibited Person and agrees that its agreement with Vendor or an Affiliate Sublessee shall be subject and subordinate to the Transaction Documents and meet such other criteria as mutually agreed upon by State and Vendor in the Video Lottery Facility Ground .

(b) Other Permitted Transfers. The Video Lottery Facility Lease must permit assignment and subletting in accordance with the provisions of Article 9 of the Revised MOU.

3. **Alterations**. Vendor shall be entitled to make alterations, additions and improvements (collectively, "Alterations") to the Video Lottery Facility after the initial construction without the consent of State so long as such Alterations are performed in good and workmanlike manner in accordance with applicable law and the Design Procedures, unless such Alterations are structural and the estimated cost thereof exceeds Ten Million Dollars ($10,000,000.00), in which case State's consent shall be required, which consent shall not be unreasonably withheld, conditioned or delayed.

4. **Impositions**. Impositions payable under the Video Lottery Facility Ground Lease shall not include any Taxes, municipal, state or federal income taxes assessed against the ground lessor under the Video Lottery Facility Ground Lease, capital levy, estate, succession, inheritance or transfer taxes imposed on or assessed against the ground lessor under the Video Lottery Facility Ground Lease, or any corporate franchise taxes or unincorporated business taxes imposed upon any owner of the Aqueduct Lands, or any part thereof, or any income, profits or revenues tax, assessment or charge imposed upon the Licensing Fee (collectively, "Excluded Taxes"); provided, however, that if at any time during the term of the Video Lottery Facility Ground Lease the present method of taxation or assessment shall be so changed that any Excluded Taxes shall either be substituted in whole or in part for, Impositions, then any such Excluded Tax shall, to the extent that it is so substituted, be deemed to be included within the term "Impositions". To the extent any Excluded Taxes are included within the term Impositions, such Excluded Taxes shall be determined as if the Video Lottery Facilities were the sole asset and sole source of income of the ground lessor under the Video Lottery Facility Ground Lease, excluding the NYRA Premises.

5. **Self-Help**. Vendor shall be entitled to exercise self-help remedies to the extent that any maintenance, repair or restoration obligation is the obligation of NYRA or State and NYRA or State fails to perform such obligations and such failure poses a threat to health and safety after notice and opportunity to cure, except in the event of an emergency. The reasonable costs and expenses actually incurred by Vendor in connection with the exercise of such rights shall be paid by State or NYRA, as applicable, promptly after incurred.

6. **Right to Contest**. Vendor will have the right to legal and insurance requirements in addition to Impositions and other taxes in connection with the Video Lottery Project subject to customary protections for State. State will cooperate, at Vendor's expense, with any permitted contests.

7. **Signage** The Video Lottery Facility Ground Lease shall give Vendor right to install signage and billboard advertisements at various locations in and around the Aqueduct Lands.

8. **Deemed Consent**. Whenever State's consent or approval is required under the Video Lottery Facility Ground Lease with respect to Vendor's plans and specifications, whether with respect to the initial construction or subsequent Alterations, the Video Lottery Facility Ground Lease shall provide that such consent or approval shall be deemed given if no response is received from the State within the applicable time period provided an additional notice and cure period is given to State before such deemed consent or approval is effective.

9. **Additional Changes.**

(a) References to Franchise Agreement. There are numerous references in the Video Facility Ground Lease to the State's Franchise Agreement with NYRA. These references have to be modified to refer to the Revised MOU or be deleted, as the context requires.

(b) References to NYRA's Use. The provisions of the Video Lottery Ground Lease that reference or relate specifically to NYRA and NYRA's particular use of the premises must be amended to conform to the Revised MOU.

10. **Conformity with Revised MOU**. The Video Facility Lottery Ground Lease must be conformed to the terms of the Revised MOU, including without limitation, Sections 9.2, 9.4, 9.7,.9.8, 9.11 and 9.12.

11. **Conflicts with Revised MOU**. The Video Facility Lottery Ground Lease must be amended to make it clear than in the event of any conflict or inconsistency between the provisions of the Video Facility Ground Lease and the Revised MOU, the Revised MOU shall control and be binding.

## EXHIBIT B

## REQUIRED MODIFICATIONS TO NYRA SUBLEASE

In addition to the modifications to the Existing NYRA Sublease reflected in the provisions of the Revised MOU, the modifications set forth below must be made to the Existing NYRA Sublease prior to the Closing Date. For purposes of this Exhibit "B," NYRA shall sometimes be referred to as "Sublessee" and Vendor as "Sublessor."

1. **Additional Rent**

(a) CAM Charges; Operating Expenses. NYRA shall pay its Pro Rata Share of all costs and expenses incurred by Vendor for the operation, maintenance, repair and replacement and improvement of the common areas and common systems located in the Clubhouse and Grandstand or elsewhere on the Aqueduct Lands that are part of Video Lottery Facility, including, without limitation, insurance, wages of building employees, payment of rental cost for or straight line depreciation on tools, machinery and equipment used in connection with the common areas or common building systems.

(b) Pro Rata Share. NYRA's "Pro Rata Share" shall be a fraction expressed as a percentage obtained by dividing the square footage of the NYRA Premises at the time in question by the total square footage of the NYRA Premises and [the Occupied Portion of] the Video Lottery Facility at the time in question. With respect to the costs and expenses incurred by Vendor for the operation, maintenance, repair and replacement and improvement of the common areas elsewhere on the Aqueduct Lands outside of the Clubhouse and Grandstand that are shared with NYRA as ground lessee under the NYRA Ground Lease, then NYRA's Pro Rata Share with respect to those costs and expenses shall be a fraction expressed as a percentage obtained by dividing the square footage of the NYRA Premises and the NYRA Ground Lease Premises at the time in question by the total square footage of the Aqueduct Lands that are part of Video Lottery Facility.

2. **Taxes; PILOT; Impositions**. NYRA shall be responsible for all Taxes, PILOT or Impositions payable with respect to the NYRA Premises. The State and NYRA shall indemnify and hold Vendor harmless from and against any and all such Taxes, PILOT or Impositions and other amounts arising from NYRA's leasing of the NYRA Premises.

3. **Condition of NYRA Premises**.

(a) Violations.

(i) NYRA shall be solely responsible for curing all violations and environmental conditions in the NYRA Premises, whether pre-existing, existing or occurring hereafter (except to the extent the State agrees to be responsible therefor) as well as any violations or environmental conditions caused by NYRA anywhere on the Aqueduct Lands or in the Aqueduct Improvements.

(ii) From and after the VLT Facilities Lease Commencement Date, NYRA shall pay its Pro Rata Share of all costs and expenses incurred in connection with the cure and removal of all violations on the shared facilities and common areas of the Clubhouse and Grandstand, shared Infrastructure Improvements and those other portions of the Aqueduct Lands exclusively serving the Clubhouse and Grandstand, except to the extent such violation is caused by either Vendor or NYRA, in which case the person causing the violation shall be fully responsible for the cost of curing and removing such violation.

4. **Maintenance and Repair**. NYRA shall be required, at its sole cost and expense, to maintain, operate, repair, replace and restore the NYRA Premises in accordance with the Operating Standard and the standards and requirements of the Video Lottery Facility Ground Lease, as applicable. In no event shall NYRA's failure to perform its obligations under the NYRA Sublease be deemed or treated as a default by Vendor under any of the Transaction Documents.

5. **Signage**. All exterior signage shall be subject to the approval of Vendor as to location and design and shall comply with the Operating Standard and shall be otherwise compatible with Vendor's signage.

6. **Division of the Lottery Requirements**. To the extent required by the Division of the Lottery to permit the operation of the Video Lottery Facility as contemplated in the Revised MOU, NYRA shall agree to conform to any additional operational requirements imposed on its operations in or repair and maintenance of the NYRA Premises that the Division of the Lottery may reasonably require.

7. **Insurance.**

(a) Additional Insureds. Vendor, Vendor's Permitted Lenders and State as ground lessor under the Video Lottery Facility Ground Lease should be listed as additional insureds or loss payees as their respective interests appear.

(b) Additional Requirements.

(i) Sublessee's Commercial Property Insurance should be on a replacement cost basis, without co-insurance.

(ii) The insurance/worker's compensation requirements of NYRA and Vendor under the NYRA Sublease shall be subject to such other changes as may be reasonably required by Vendor after review of NYRA's existing coverage and policies.

8. **Indemnification, Waiver and Release**.

(a) NYRA Indemnity. As is customary in commercial leases in New York City, the NYRA Sublease should provide that: (a) Sublessee must indemnify Sublessor against all claims except those resulting from Sublessor's gross negligence or willful misconduct and (b) Sublessor will only indemnify Sublessee for Sublessor's gross negligence or willful misconduct.

(b) NYRA Contractors. NYRA shall, and shall require its contractors to, indemnify, defend and hold harmless Vendor and its officers, directors, trustees, employees, members, managers and agents from and against all claims and liability which (i) arise from or in connection with the possession, use or occupancy of the NYRA Premises, (ii) result from or are in connection with any act or omission by NYRA or its agents, contractors or employees, (iii) result from any default or breach of the NYRA Sublease by NYRA, or (iv) result in injury to person or property or loss of life sustained in, around or within the NYRA Premises. Vendor shall not be required to indemnify NYRA in any event.

9. **Casualty**. NYRA or the State will also have to assume any restoration costs in the event of a casualty affecting the NYRA Premises. Vendor should not be responsible for restoration of the NYRA Premises (other than shared systems, building envelope, etc.) and NYRA must be obligated to restore in the event of a casualty.

10. **NYRA Defaults**.

(a) Late Charges. If NYRA fails to pay any amounts due Vendor under the NYRA Sublease and such failure continues for ten (10) days after written notice to NYRA, Vendor may, in addition to any other remedies Vendor may have at law or in equity or as sublandlord under the NYRA Sublease, offset such costs against any sums payable to NYRA pursuant to the Revised MOU. All unpaid amounts shall bear interest at the rate applicable to judgment claims in the State of New York (the "Default Rate").

(b) Termination Rights. Vendor shall have the right to terminate the NYRA Sublease if (a) there exists a monetary default under the NYRA Sublease that continues beyond the ten (10) day cure period and cannot be offset against any sums payable to NYRA pursuant to the Chapter Amendment within two (2) months after such monetary default occurs; (b) NRYA defaults under the NYRA Sublease and such default results or would result, if not cured, in a default under the Video Lottery Facility Ground Lease that would allow the State to terminate the Video Lottery Facility Ground Lease or would cause a material default under any Non-Disturbance Agreement to which Vendor is a party or entitle a Permitted Lender to accelerate its loan if not cured, subject to reasonable notice and cure periods to be determined; (c) NYRA ceases operations in the NYRA Premises (i.e. discontinues horse racing for two (2) consecutive seasons, subject to certain agreed-upon exceptions to be set forth in the NYRA Sublease); (d) fails to perform any obligation under the NYRA Sublease that would prevent or materially impair Vendor's ability to operate the Video Lottery Facility or maximize revenues thereunder or cause Vendor to be in violation of any Division of the Lottery rules, regulations or requirements with respect to the Video Lottery Facility, subject, in each case, to reasonable notice and cure periods; or (e) the NYRA Ground Lease is terminated, voluntarily or involuntarily, or expires and is not renewed (each of the foregoing, a "Termination Default").

(c) Cure Rights. Vendor shall be entitled to cure any uncured default by NYRA under the NYRA Sublease, and NYRA must be required to reimburse Vendor for all costs and expenses incurred in connection therewith with interest at the Default Rate. Vendor shall have a right to offset any unpaid amounts due it under the NYRA Sublease against the first monies to be paid to NYRA by Vendor under the Transaction Documents.

(d) Cross-Default. If the NYRA Sublease is terminated, voluntarily or involuntarily, or expires or is not renewed, the NYRA Ground Lease shall be terminated as well.

11. **Termination Provisions.**

(a) Definitions. For purposes of this subsection:

(i) The term "Replacement Right" shall mean the right of State to elect, in the event of a Termination Default, to obtain a Replacement Tenant for the NYRA Premises and the NYRA Ground Lease Premises.

(ii) The term "Replacement Tenant" shall mean another entity that is qualified to operate the racetrack facilities operated by NYRA under the NYRA Sublease and the NYRA Ground Lease with sufficient resources to meet the obligations under such leases and that is not a direct competitor of Vendor or Vendor's Gaming Operator and is otherwise reasonably acceptable to Vendor.

(iii) If a Termination Default occurs and the State does not exercise its Replacement Right:

(A) Vendor shall be entitled to recapture the NYRA Premises to be used for any of the purposes subject to the reasonable consent of the Division of the Lottery; and

(B) If a Termination Default occurs and the State exercises its Replacement Right, then all rights and obligations of the sublessee under the NYRA Sublease and the ground lessee under the NYRA Ground Lease shall be assigned to and assumed by the Replacement Tenant for the remainder of the term of the NYRA Sublease and the NYRA Ground Lease, respectively.

(C) If Vendor recaptures the NYRA Premises, no additional rent or other charges shall be due State.

(D) The foregoing remedies are in addition to any other remedies that the sublandlord has under the Existing NYRA Lease, at law or in equity as a result of a default by NYRA.

12. **Changes to Size of NYRA Premises.**

(a) NYRA Expansion Options. NYRA shall have an option to expand the NYRA Premises to be negotiated with Vendor and set forth in the NYRA Sublease (the "NYRA Option Space") on the same terms as contained in the NYRA Sublease (excluding any further options) and subject to other customary terms and conditions on options granted to tenants under commercial space leases. If NYRA exercises its option with respect to all or a portion of the NYRA Option Space, then the NYRA Option Space or such portion thereof shall become part of the NYRA Premises under the NYRA Sublease.

(b) Decommissioning of NYRA Premises. In the event NYRA abandons or decommissions any portion of the NYRA Premises ("Abandoned Premises"), the Abandoned Premises, shall, at Vendor's option, become part of the VLT Premises, in which event each party's Pro Rata Share shall be appropriately adjusted.

13. **Other Changes**. Any other changes to the Existing Sublease relating to physical improvements at the site, facility operations, capital expenditures for such improvements, sharing for common costs, and such other matters as may be necessary to ensure that the facilities are operated in accordance with the Operating Standard. Vendor reserves the right to require additional modifications to the NYRA Sublease to the extent customarily obtained by landlords in connection with commercial leases and not contained in the Existing NYRA Sublease.

## EXHIBIT C

## REQUIRED MODIFICATIONS TO FUNDING AGREEMENT

The modifications set forth below must be made to the Funding Agreement prior to Closing. Section references are references to sections of the Funding Agreement.

1. The Funding Agreement must provide that the Vendor can modify the development budget within certain limited guidelines and thresholds without requiring the consent of the ESDC, including re-allocating among line items and applying costs savings in one line item towards another. [Section 2]

2. The conditions in Sections 3(b) and 3(d) should be deleted since any approvals from the ESDC, State or Division of Lottery should be obtained prior to Closing. [Section 3]

3. Funds should be available to pay for eligible expenses incurred, not simply reimburse the Grantee (the Grantee should not have to make the payments and then be reimbursed) and the procedures for disbursement of the Grant, including the last ten percent (10%) shall be set forth in detail as reasonably acceptable to Grantee. [Section 4/Exhibit F]

4. If there is any conflict or inconsistency between the Funding Agreement and the Revised MOU, the Revised MOU should control. [Section 7(f)]

5. Defaults/Remedies [Section 8]

   (a) Section 8(a)(iii) should be limited to material misrepresentations or omissions of facts that have a material adverse effect.

   (b) The cure period in Section 8(b) should be 10 days for monetary defaults and 30 days for non-monetary defaults (and up to 90 days if such non-monetary default cannot be reasonably cured within such 30 day period).

   (c) The Grantee should not be in default under the Funding Agreement if the Grantee's default results from actions of the State or Division of Lottery.

6. Payment of ESDC's litigation costs should be limited to payment of enforcement costs if ESDC seeks to enforce and prevails (not if Grantee commences action to enforce ESDC's funding obligations). [Section 19]

## EXHIBIT A.2

## SIGNATURE VERSION
## MEMORANDUM OF UNDERSTANDING (MOU)

**Exhibit A.2 – Signature Version**

# MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("**MOU**"), dated for reference purposes as of ___, 2010 (the "**Effective Date**"), is made by and between THE STATE OF NEW YORK ACTING BY AND THROUGH THE GOVERNOR, THE TEMPORARY PRESIDENT OF THE SENATE AND THE SPEAKER OF THE ASSEMBLY (the "**State**"), PURSUANT TO CHAPTER 18 OF THE LAWS OF 2008, AS AMENDED, having an address at c/o Executive Chamber, The Capitol, Albany, New York 12224, and AQUEDUCT REAL ESTATE LLC ("**ARE**") AND AQUEDUCT OPERATOR LLC ("**AO**", together with ARE, collectively, "**Vendor**"), having an address at c/o 420 Lexington Avenue, New York, New York 10170. (Individually, each of State and Vendor is referred to herein as a "**Party**"; collectively, State and Vendor are referred to herein as the "**Parties**").

## RECITALS

**WHEREAS**, State has determined that it is in the public interest that a state-of- the-art video lottery facility (the "**Video Lottery Facility**"), including a parking facility structure (the "**Parking Facility**"), be developed and operated at the site of certain real property and improvements commonly known as Aqueduct Racetrack in the Borough of Queens, City of New York, State of New York, which racetrack is described with particularity in MOU Exhibit A attached hereto ("**Aqueduct**"), consistent with certain legislation enacted by the State as Chapter 18 of the Laws of 2008, as amended by legislation enacted as Chapter 140 of the Laws of 2008 (the "**Chapter Amendment**"), and as it may be further amended from time to time (the "**Legislation**"); and

**WHEREAS**, Aqueduct comprises both land described on in Exhibit A of the Facilities Ground Lease (as hereinafter defined) (the "**Aqueduct Lands**") and the improvements now or hereafter located thereon including the clubhouse ("the "**Clubhouse**") and the grandstand (the "**Grandstand**") as they now exist or may be altered (the "**Aqueduct Improvements**"); and

**WHEREAS**, on September 12, 2008, The New York Racing Association Inc. ("**Old NYRA**"), irrevocably relinquished and conveyed all of Old NYRA's right, title and interest in Aqueduct to State, pursuant to (i) the Legislation; (ii) a certain plan of reorganization pursuant to a certain voluntary petition filed by Old NYRA on November 2, 2006 under Chapter 11 of United States Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), as confirmed by an order, dated April 28, 2008, of the Bankruptcy Court, which plan became effective on said date; and (iii) a certain State Settlement Agreement made by and among The New York Racing Association, Inc. ("**NYRA**"), Old NYRA, the State, the New York State Franchise Oversight Board (the "**Franchise Oversight Board**") and the New York State Division of the Lottery (the "**Division of the Lottery**"), dated as of said date; and

**WHEREAS**, contemporaneously with the conveyance of Aqueduct by Old NYRA to State, State leased portions of Aqueduct to NYRA pursuant to a certain Facilities Ground Lease

Agreement (the "**Facilities Ground Lease**") and a Ground Lease Agreement (the "**NYRA Ground Lease**"), each dated September 12, 2008, which portions comprise all of Aqueduct; and

**WHEREAS**, State, NYRA and Vendor intend that: (i) NYRA will assign its interest as lessee in the Facilities Ground Lease to Vendor, pursuant to a certain Assignment and Assumption of Facilities Ground Lease between NYRA, as assignor, and Vendor, as assignee (the "**Assignment and Assumption of Facilities Ground Lease**" attached as RFP Exhibit B), such assignment to be approved in accordance with the State Finance Law; (ii) Vendor and State will amend and restate the Facilities Ground Lease in accordance with Exhibit A of the Transmittal Letter (as hereinafter defined) (such amended and restated lease being referred to as the "**Video Lottery Facility Ground Lease**") and (iii) Vendor, as sublessor, and NYRA, as sublessee, will enter into that certain Sublease Agreement (as modified in accordance with Exhibit B of the Transmittal Letter, the "**NYRA Sublease**") for a portion of the Aqueduct Lands and the Aqueduct Improvements leased under the Video Lottery Facility Ground Lease, which are to be occupied by NYRA and will not contain any portion of the Video Lottery Facility or any area for other future development as described in Exhibit B of the NYRA Sublease (the "**NYRA Premises**"); and

**WHEREAS**, State has consulted with NYRA with respect to the development of the Video Lottery Facility and Parking Facility on the Aqueduct Lands; and

**WHEREAS**, pursuant to the Legislation, (i) State has appropriated to ESDC (as defined below) the sum of $250,000,000 for services and expenses related to funding the design, acquisition, construction and equipment of such structures and facilities as may be necessary to properly house video lottery gaming at Aqueduct and the New York State Urban Development Corporation d/b/a Empire State Development Corporation ("**ESDC**") is also authorized to issue bonds or notes to pay such amounts and to finance one or more debt service reserve funds or to pay costs of issuance of bonds or notes; and

**WHEREAS**, State, or ESDC acting on behalf of State, intends to utilize such funds to make a grant (the "**Capital Construction Grant**") in aggregate not to exceed Two Hundred Fifty Million Dollars ($250,000,000) for eligible capital construction costs of the Video Lottery Facility pursuant to a "Capital Construction Grant Funding Agreement" or "Grant Disbursement Agreement" attached as MOU Exhibit C (as modified in accordance with Exhibit C of the Transmittal Letter, the "**Funding Agreement**"); and

**WHEREAS,** the Division of the Lottery issued a Request for Proposals on May 11, 2010, soliciting proposals from experienced vendors seeking award of a Video Lottery License to develop and operate a Video Lottery Facility at Aqueduct Racetrack, and clarified the requirements of the Request for Proposals with (a) Questions and Answers dated May 25, 2010, June 11, 2010, and June 22, 2010, and (b) amendment(s) dated June 22, 2010, (collectively, the "**RFP**"); and

**WHEREAS,** Vendor submitted a Proposal dated June 29, 2010 (the "**Proposal**"), which received the highest score among competing proposals by the State's evaluation team; and

**WHEREAS**, video lottery gaming at Aqueduct is subject to Article 1, section 9 of the New York State Constitution, Article 34 of the Tax Law (the "New York State Lottery for Education Law"), and the rules and regulations, bulletins, and instructions of the Division of the Lottery, including rules and regulations governing the grant of video lottery agent licenses.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

## ARTICLE 1

## PROJECT COMPONENTS

The activities to be conducted under this MOU, the RFP, and the Proposal are referred to collectively herein as the "**Project**." The RFP and the Proposal are hereby incorporated into this MOU with the same force and effect as if they were fully set forth herein. It is the intention of the Parties that the Project be developed as follows:

**1.1.** The Video Lottery Facility shall be developed and operated in accordance with this MOU, the Division of the Lottery's regulations, bulletins and instructions and all applicable laws.

**1.2.** State shall at all times own the Video Lottery Facility, Parking Facility, and any other improvements constructed or operated by Vendor (other than trade fixtures, equipment, furnishings and other installations or property not permanently affixed to the improvements) at Aqueduct. State shall retain ownership of the Aqueduct Lands and all property and improvements located thereon, subject only to use and occupancy rights granted by State and consistent with all applicable laws.

**1.3.** Design, Construction and Operation of the Video Lottery Facility

**1.3.1** Vendor shall, at Vendor's sole cost and expense, design, obtain any necessary financing in excess of the Capital Construction Grant, as provided in this MOU, for and construct, complete and furnish the Video Lottery Facility, as described in the RFP and the Proposal, that will house, among other things, at least 4,500 Video Lottery Terminals (the "**VLTs**"), which, together with related development, shall comprise (a) a newly constructed entry lobby, along with a porte cochere (the "**Construction Premises**"); (b) renovated premises within the Clubhouse and Grandstand including interconnections with the premises to be occupied by NYRA (the "**Renovation Premises**"); (c) the Parking Facility, containing not less than 2,000 parking spaces; and (d) such other improvements as are required by SEQRA (as hereinafter defined) review including site work (including entrances to Aqueduct, parking lot repaving and restriping, lane widening, landscaping, tree planting and a covered elevated pedestrian walkway connection to the subway station adjacent to Aqueduct). Subject to the approval of the Division of the Lottery, which shall not be unreasonably withheld, and compliance with applicable building and safety codes, the Video Lottery Facility shall be constructed, completed and furnished in a manner comparable to or exceeding the architecture, construction quality and level of finishes in the existing video lottery facilities located at Empire City Casino at Yonkers Raceway in Yonkers, New York ("**Empire City**") and Saratoga Gaming and Raceway in Saratoga Springs, New York ("**Saratoga**"). In connection with the construction of the Video Lottery Facility, Vendor shall have the right to perform work in other portions of the Aqueduct Lands, including in portions of the NYRA Premises, for the installation of additional infrastructure to support the Video Lottery Facility, including, without limitation, HVAC equipment in the Clubhouse. The Vendor shall be permitted to operate, maintain, repair and replace such infrastructure. The Division of the Lottery shall approve plans for gaming floor layouts, office space for Division of the Lottery staff members, work and storage space for VLT suppliers, office space for the staff of the video lottery central computer system provider, space for the data center for the video lottery central computer system, space and locations of the cage, count room(s) and armored car bay, and space for security and surveillance equipment and operations. Subject to the reasonable approval of the Division of the Lottery, design procedures and specifications shall be in accordance with the RFP and the Proposal (the "**Design Procedures**"). The Video Lottery Facility shall comprise interior space specifically designated and dedicated to house 4,500 VLTs (or such greater number of VLTs as may be approved by the Division of the Lottery) and must also include interior spaces within the Renovation Premises for immediately ancillary or complementary activities such as are commonly located in comparable facilities such as food and beverage services and retail uses. With the reasonable approval of the Division of the Lottery, the Video Lottery Facility may be opened in phases beginning with a Preliminary Phase comprising a portion of the final gaming floor including less than 4,500 VLTs (the "**Preliminary Phase**" or "**Preliminary Facilities**"). The activities described in this subsection shall collectively be referred to herein as the "**Video Lottery Project**." The Division of the Lottery and Vendor shall negotiate a mutually acceptable set of the priorities for development of the phases and components of the Video Lottery Project.

**1.3.2** The control and disbursement of the Capital Construction Grant shall be consistent with applicable provisions of Chapter 90 of the Laws of 2010 and in accordance with the provisions of the Funding Agreement). The disbursement of the Capital Construction Grant shall be made in a prompt and timely manner in order to directly pay the eligible capital construction costs associated with the construction of the Video Lottery Facility to the extent of the Capital Construction Grant. To the extent that costs of the construction of the Video Lottery Facility are projected to exceed or do exceed the Capital Construction Grant amount, Vendor shall provide the State and ESDC with assurances satisfactory to the State and ESDC of the sources and availability of any required additional funding. In such an event, disbursement of the Capital Construction Grant shall be coordinated with the Vendor's other sources of funding in a manner as may be set forth in the Funding Agreement.

**1.3.3** The duties and obligations of the Parties with respect to the Video Lottery Project are further described in **Article 10** of this MOU.

**1.3.4** As soon as the Video Lottery Facility shall have been completed and the VLTs installed therein and all required and necessary licenses, permits and approvals have been issued, Vendor shall either operate the Video Lottery Facility or cause the Video Lottery Facility to be operated in accordance with the requirements of the Division of the Lottery.

**1.4.** Vendor, directly or indirectly, as the licensed Aqueduct video lottery agent, shall have sole control over the operation of the Parking Facility (which shall be available only to patrons of the Video Lottery Facility and horse racing on the Aqueduct Lands) and shall be free to set pricing for use of the Parking Facility, including providing discounts to customers of the Video Lottery Facility.

**1.4.1** Vendor shall have a right of first refusal with respect any future development of the Aqueduct Land undertaken by the State (each, a "**Future Development Project**"). If Vendor (or an affiliate of Vendor) chooses not to exercise its right of first refusal, then such Future Development Project shall be separate from the Video Lottery Facility, and the developer of such Future Development Project shall not be entitled to use any portion of the Video Lottery Facility, including any infrastructure improvements made by Vendor, without the consent of Vendor, in its sole discretion. No Future Development Project shall be undertaken by the State without Vendor's consent, in its sole discretion and in any event no Future Development Project shall be permitted if such development would: (i) cause the elimination of any areas, such as parking facilities or spaces that Vendor shall be required to maintain as provided in the SEQRA approval of or negative declaration (or conditional negative declaration) with respect to the Video Lottery Project, (ii) interfere with, or adversely impact, the Video Lottery Facility or the access thereto or operation thereof; (iii) be used for any purpose that would be inconsistent with the Video Lottery Facility; (iv) require the use of any portion of the Video Lottery Facility, including any infrastructure improvements to service the Aqueduct site, including but not limited to, paving, curb cuts and similar betterment of roads, jointly approved by State and Vendor, within or adjacent to the Aqueduct Lands, a renovated and restored 5.7 acre outdoor park located in the wooded area in front of the Clubhouse and Grandstand and a landscaped entry roadway leading from Rockaway Boulevard to the porte cochere entry at the Video Lottery Facility; (v) be used for a video lottery facility or other gaming purposes; or (vi) be maintained and operated in any manner other than in a first class manner (collectively, the "**Future Development Restrictions**"). In addition, State shall cause any Future Development Project to be performed in a manner that shall minimize interference with, or any adverse impact to, the use and operation of the Video Lottery Facility and not adversely affect Vendor's revenues from the Video Lottery Facility.

**1.4.2** To the extent all or any portion of the NYRA Ground Lease Premises shall become available for future development, whether as a result of the termination of the NYRA Ground Lease or the surrender or release of any portion of the NYRA Ground Lease Premises from the NYRA Ground Lease (all or such portion being referred to herein as the "**Released NYRA Ground Lease Premises**"), Vendor shall have a right of first refusal with respect to the sale or lease (and development) thereof. If Vendor does not exercise such right of first refusal, and the subsequent lessee or owner is not Vendor or an affiliate of Vendor designated by Vendor, the Released NYRA Ground Lease Premises shall be subject to the Future Development Restrictions set forth above, unless Vendor agrees to waive all or any part of same, it being understood that such Future Development Restrictions shall not prohibit any Replacement Tenants of any Released NYRA Ground Lease Premises to undertake any reasonable development of any Released NYRA Ground Lease Premises for the use of horse racing and stabling.

## ARTICLE 2

## OPERATION

**2.1.** The Vendor agrees to comply with all licensing requirements of the Division of the Lottery.

**2.2.** Vendor shall at all times include an entity satisfactory to the Division of the Lottery with significant experience in the development and operation of a large-scale gaming facility comparable to the Video Lottery Facility.

**2.3.** Vendor shall, at Vendor's sole cost and expense, operate the Video Lottery Facility in a manner comparable to or exceeding operations at Empire City and Saratoga, as of the Effective Date (the "**Operating Standard**"), acquire and maintain all required security and surveillance equipment, maintain the Video Lottery Facility and the exterior surfaces of the VLTs in a clean and attractive manner, and use commercially reasonable efforts to market the Video Lottery Facility so as to maximize the number of visitors and amount of revenues. The Division of the Lottery shall maintain and operate the VLTs, bases, chairs, signage, and the video lottery central system that controls the VLTs, either directly or through contractors selected by the Division of the Lottery, so that they are operational at all times approved by the Division of the Lottery in accordance with the provisions of the New York State Lottery for Education Law.

**2.3.1** Vendor may install a proprietary player-tracker system and Vendor shall have full ownership of any data produced therefrom; provided, the Division of the Lottery shall have the right to unfettered access and use of such data while maintaining the confidentiality thereof subject to the provisions of the Freedom of Information Law and the Personal Privacy Protection Law.

**2.4.** Vendor shall use commercially reasonable efforts to ensure that (a) the Video Lottery Facility is maintained at all times in good condition and repair, in accordance with the standard set forth in Section 2.3 and the requirements of the Division of the Lottery, (b) to the extent applicable, the Video Lottery Facility is fully tenanted, and (c) any occupants thereof comply at all times with the provisions of their subleases or occupancy agreements.

**2.5.** The hours of operation of the Video Lottery Facility shall be in accordance with all applicable laws, including without limitation the Legislation and any applicable rules and regulations of the Division of the Lottery.

**2.6.** During the term of this MOU, Vendor shall have the right, subject to the approval of the Division of the Lottery and compliance with applicable building and safety codes, to design, construct and operate, and from time to time alter or modify, at its sole expense (but including disbursements from the Capital Construction Grant), such restaurants, bars, conference centers, meeting rooms, retail sales areas, entertainment venues, and other food service and hospitality facilities within the Renovation Premises as are consistent with other large-scale gaming facilities (collectively, the "**Hospitality Facilities**"). Vendor shall not be required to pay any additional consideration to State for the development and operation of the Hospitality Facilities beyond that provided in **Article 5** of this MOU.

**2.7.** The Video Lottery Facility shall be permitted to operate at all times during the applicable term provided for in this MOU without regard to whether live racing is conducted at Aqueduct Racetrack.

## ARTICLE 3

## MARKETING

**3.1.** Vendor shall make use commercially reasonable efforts to market and promote the Video Lottery Facility subject to the approval of the Division of the Lottery and in accordance with all applicable laws and consistent with the customary manner of marketing comparable operations in the industry and so as to attract the maximum number of visitors to the Video Lottery Facility.

**3.2.** Use of Gaming Brand and Customer Service Programs: Vendor shall use Vendor's gaming partner's brand (the "**Hard Rock Brand**"), as described in the Proposal, in all marketing and promotion of the Video Lottery Facility undertaken by Vendor. Vendor shall allow State, without royalty or other charge of any kind, to use the Hard Rock Brand in all marketing and promotion of the Video Lottery Facility undertaken by State and State shall be deemed to have been granted a license from Vendor for such use of the Hard Rock Brand, provided (a) Vendor shall be entitled to review and approve, in its sole discretion, all of State's marketing and promotional materials, in whatever form or medium, including without limitation, print, television, internet, video or portable document format prior to publishing or dissemination (collectively, "**Aqueduct VLT Marketing Materials**"); (b) the State shall affix (x) the trademark registration symbol ® next to all uses of the Hard Rock Brand and (y) the following legal notice on all Aqueduct Marketing Materials that incorporate the Hard Rock Brand trademarks in order to identify Hard Rock's intellectual property rights in those materials: "[the Hard Rock Brand] is a trademark of Hard Rock Café International (USA), Inc.;" and (z) State shall not permit anyone other than State to use the Hard Rock Brand and shall not take any action or use the Hard Rock Brand in any manner that would dilute or tarnish the Hard Rock Brand. Notwithstanding anything to the contrary contained herein, all good will arising out of the State's use of the Hard Rock Brand shall inure solely to the benefit of Hard Rock. Vendor shall have the right, at no cost to Vendor, to use "Aqueduct," "Aqueduct Racetrack" and similar terms in its marketing and promotion of the Video Lottery Facility.

**3.3.** Non-Compete Covenant: Vendor and its member companies and affiliates shall not operate, advise, invest in, or otherwise facilitate gaming operations within a fifty (50) mile radius of Aqueduct without the written consent of State; provided, however, that Vendor shall have the right to participate in any future request for proposals or other processes undertaken by State in connection with gaming operations.. Vendor shall not utilize the Video Lottery Facility in any way to attract patrons to other gaming facilities that are not New York video lottery facilities, whether through transportation arrangements, discount programs, or other services or attractions. Without limiting the generality of the foregoing, in order to prevent the diversion of Video Lottery Facility patrons to other gaming venues, Vendor is prohibited from use of the

Video Lottery Facility gaming customer database for any purpose other than the advertisement, marketing and promotion of Video Lottery gaming at Aqueduct or other New York video lottery facilities without the approval of the Division of the Lottery. Furthermore, Vendor and its member companies and affiliates shall not advertise, market or promote any non-New York Lottery gaming venue in the New York City metropolitan area without the approval of the Division of the Lottery.

**3.4.** New VLT Mitigation. In the event that (A) legislation is enacted, or other, non-statutory provisions are adopted (i) relating generally to existing video lottery facilities within a fifty (50) mile radius of the Video Lottery Facility or (ii) authorizing development and/or operation of a new video lottery facility within such fifty (50) mile radius, and (B) such legislation or provisions provide terms which as a result of their implementation or use result in a tax treatment more favorable to the vendor thereunder than that applicable to Vendor at Aqueduct, and (C) no legislation or provisions are simultaneously enacted or adopted which would extend each and every such more favorable tax treatment to Vendor at Aqueduct, then Vendor shall be entitled to and shall be compensated for damages resulting from such more favorable tax treatment to other video lottery facilities; provided that this provision shall not apply to the current terms at Empire City (but it shall apply if such terms are modified in any respect).

## ARTICLE 4

## TERM

**4.1.** Initial Term: The term of this MOU and related development shall commence on the date on which all approvals necessary for the effectiveness of this MOU shall have been received and a fully executed copy of this MOU shall have been approved and filed in the Office of the State Comptroller pursuant to Section 112 of the State Finance Law ("**MOU Effective Date**") and, unless earlier terminated pursuant to the provisions hereof, shall terminate on a date that is thirty (30) years following substantial completion of the Video Lottery Facility, which shall be evidenced by issuance by the New York State Office of General Services of a temporary certificate of occupancy for the entire Video Lottery Facility (the "**Initial Term**")

**4.2.** Extension Term: So long as Vendor is not in default under any of the provisions of this MOU and provided that the Video Lottery Facility is producing average revenues of an agreed upon amount, then Vendor may exercise one (1) option to extend the Initial Term by an additional ten (10) years for no additional compensation. Such extension term, if applicable, shall be subject to the same provisions as the Initial Term, except that Vendor shall continue to make capital expenditures to upgrade and maintain the Aqueduct Video Lottery Facility during the extension term according to a supplemental capital plan approved by the Division of the Lottery and except that Vendor shall have no further extension right.

## ARTICLE 5

## CONSIDERATION

**5.1.** State Expenses Fund: Separate and apart from the Entry Fee and the Licensing Fee, upon execution by the Parties of this MOU, Vendor shall deposit with the State the amount of One Million Dollars ($1,000,000) as an initial deposit into a replenishable expense fund (the "**State Expenses Fund**") to be used and drawn by State or ESDC to cover all costs and expenses incurred by State and ESDC in connection with transactions and activities contemplated in this MOU incurred after March 9, 2010 including, without limitation, (i) fees and disbursements of outside counsel, engineers, appraisers, consultants, financial and real estate advisors retained by State or ESDC, (ii) costs for dedicated State and ESDC staff engaged in such transactions and activities, and (iii) the costs of design review, construction oversight and inspection (collectively, the "**State Expenses**"), all of which shall be paid from the State Expenses Fund. State and ESDC shall have the right to withdraw such amounts from time to time from the State Expenses Fund as are necessary to reimburse State and ESDC for the State Expenses. State shall notify Vendor periodically of amounts drawn by State and ESDC from the State Expenses Fund, itemizing the purposes for which the funds were drawn. At State's or ESDC's request, Vendor shall replenish the State Expenses Fund within thirty (30) days to an amount designated by State or ESDC; provided, however, that in no event shall Vendor be required to pay more than the aggregate sum of Three Million Dollars ($3,000,000) to the State Expenses Fund. Any funds remaining in the State Expenses Fund after payment of the State Expenses shall be promptly refunded to Vendor.

**5.2.** Licensing Fee: As and for consideration to State for being selected by State as the Aqueduct Video Lottery agent for development of the Video Lottery Facility, Vendor shall pay to State an upfront licensing fee of Three Hundred Million Dollars ($300,000,000) (the "**Licensing Fee**") by delivery of the Licensing Fee to a mutually agreed upon third party escrow agent ("**Escrow Agent**") at the Escrow Closing (as defined below), in accordance with the terms and subject to the conditions set forth in an escrow agreement to be entered into among the Escrow Agent, State, Vendor and each of the Permitted Lender(s) providing Vendor financing for the Video Lottery Facility and all related projects specified in the Proposal (each, a "**Vendor's Lender**") on terms and conditions mutually satisfactory to the parties thereto consistent with the terms of this Section 5.2 (the "**Escrow Agreement**"). The Licensing Fee shall be held in trust by Escrow Agent in a segregated, interest-bearing, account in an FDIC insured banking institution meeting the requirements of a Permitted Lender (as defined below) with offices in New York City (the "**Escrow Account**") until released in accordance with the terms of this Section 5.2 and the Escrow Agreement.

**5.2.1** Provided that on or before October 3, 2010, (a) the Escrow Agreement is fully executed and delivered by the parties thereto; (b) State shall have delivered to Vendor a counterpart to this MOU signed by the Governor, the Temporary President of the Senate and the Speaker of the Assembly which has been approved by the New York State Attorney General and approved by and filed in the office of the New York State Comptroller; (c) Vendor and State shall have entered into, executed and delivered to Escrow Agent the Video Lottery Facility Ground Lease, the NYRA Sublease and the Funding Agreement as amended in accordance with this MOU and Vendor's transmittal letter, dated as of June 29, 2010 (the "**Transmittal Letter**"); and (d) Vendor, State and each of Vendor's Lender(s) shall have entered into, executed and delivered to Escrow Agent a mutually acceptable Non-Disturbance Agreement (as defined below) (the Video Facility Ground Lease, the NYRA Sublease and the Funding Agreement, each as amended in accordance with the terms of this MOU and Vendor's Transmittal Letter, and the Non-Disturbance Agreement(s), collectively, the "**Transaction Documents**"), then Vendor shall deliver to Escrow Agent on such date (the "**Escrow Closing**") the Licensing Fee to be held by Escrow Agent together with the Transaction Documents in trust until released in accordance with the Escrow Agreement and the terms and subject to the conditions set forth in this Section 5.2.

**5.2.2** On the date (the "**Closing Date**") that the following conditions have been satisfied (the "**Escrow Release Conditions**"), the Transaction Documents shall be released from escrow and delivered to the appropriate parties and the Licensing Fee shall be delivered to State:

**5.2.2.1** SEQRA. (i) All reviews required under the New York State Environmental Quality Review Act and its implementing regulations ("**SEQRA**") to allow construction of the Video Lottery Project (including without limiting the foregoing, the Capital Construction Grant) shall have been made; (ii) a negative declaration or conditional negative declaration shall have been issued therefore, provided that the estimated cost of implementing the remedial actions or other conditions required under such negative declaration or conditional negative declaration shall not be unreasonable, taking into consideration, among other things the overall economics of the transactions contemplated in this MOU and delays resulting from such other conditions, all as reasonably determined by Vendor; and (iii) initial demolition and construction permits from Division of Lottery and any other governmental entities having jurisdiction with respect to the Video Lottery Project shall have been issued to Vendor. State shall coordinate and consult with the City of New York regarding environmental review, to the extent determined by State in consultation with Vendor;

**5.2.2.2** All applicable licenses and permits sufficient to grant Vendor the right to operate not less than 4,500 VLTs in the Video Lottery Facility shall have been obtained; All applicable approvals required pursuant to the provisions of this MOU and any transaction contemplated hereby shall have been obtained, including without limitation, the approvals set forth in Section 8.2, Section 10.4 and in A201 of the Questions and Answers issued by the State on June 22, 2010; and

**5.2.2.3** Vendor shall have obtained one or more fixed pricing construction contracts in respect of the Project, providing for, among other things, fixed pricing in respect of not less than one hundred percent (100%) of the total construction costs of the Video Lottery Project and all related projects specified in the Proposal (including all structural, mechanical, electrical, forming and concrete costs and all parking construction costs), with reasonable adjustments based on inflation and other customary factors.

**5.2.3** In no event shall the Transaction Documents be effective unless and until the conditions set forth in subsections 5.2.2.1 through and including 5.2.2.3 have been satisfied. If any of the Transaction Documents has not been entered into, executed and delivered by all parties thereto and deposited into escrow with the Licensing Fee pursuant to Section 5.2.2 on or prior to October 3, 2010, then Vendor shall have the right to terminate this MOU pursuant to Section 14.2(b)(iii) at any time thereafter. If the Escrow Release Conditions have not been met by December 31, 2010 or if this MOU is terminated pursuant to Article 14, then the Licensing Fee shall be refunded to Vendor (subject to Section 14.2) and upon such refund being made, this MOU shall be deemed terminated and neither party shall have any further obligations hereunder except those obligations which expressly survive the termination of this MOU. All interest earned on the Licensing Fee shall belong to Vendor.

**5.3.** Capital Construction Grant: In accordance with applicable provisions of the Legislation, State shall provide for ESDC to fund the Capital Construction Grant in the sum of Two Hundred Fifty Million Dollars ($250,000,000), all of which shall be available to be applied by Vendor to pay eligible capital construction costs associated with the construction of the Video Lottery Facility, as provided in the Legislation (including, without limitation, reimbursement of amounts advanced by Vendor with respect to the construction of the Video Lottery Facility). The Capital Construction Grant shall be disbursed to Vendor as eligible capital construction costs of the construction of the Video Lottery Facility are incurred by Vendor and such disbursement shall at all times be subject to the procedures as set forth in the Funding Agreement. To the extent that any bonds or notes may be issued by State or ESDC in connection with the Video Lottery Project, as authorized by Chapter 90 of the Laws of 2010 and the Legislation, State or ESDC shall be responsible for all debt service on the bonds.

**5.4.** Additional Construction Costs: Vendor shall pay all costs of the Video Lottery Project including any such costs that exceed the net proceeds of the Capital Construction Grant. Vendor shall provide State with assurances satisfactory to State of the sources and availability of any required additional funding. Based on its anticipation of the costs of developing the Video Lottery Project, Vendor hereby certifies to State that it is prepared to expend or finance the amount specified in the Proposal in hard and soft construction costs in addition to the Capital Construction Grant. Without limiting the generality of the foregoing sentence, no portion of the Capital Construction Grant shall be used to pay such debt service or to pay for any costs or expenses associated with the issuance or sale of such bonds or notes.

**5.5.** Vendor Fee and Vendor's Marketing Allowance: During the term of this MOU, Vendor shall receive from State, through the Division of the Lottery, a percentage of the net total revenue wagered at the Video Lottery Facility after payout of prizes, in accordance with Tax Law Section 1612 (the "**Video Lottery Revenues**").

**5.6.** INTENTIONALLY OMITTED

**5.7.** Operating Payments: State acknowledges that Vendor is required to make substantial capital investments and undertake significant financial risk in pursuing the Video Lottery Project and is submitting this MOU and agreeing to pay the Licensing Fee in reliance upon the terms set forth herein, including, without limitation, the Chapter Amendment in effect on the date of Vendor's submission of this MOU. From and after submission by Vendor of this MOU, if legislation is enacted that reduces the payments set forth in the Chapter Amendment with respect to Aqueduct in effect on the date of Vendor's submission of this MOU, Vendor shall be entitled to, and State shall reimburse Vendor for, any reduction in the net payments retained by Vendor due to the implementation of such legislation (including any additional payments required to be paid by Vendor on such reimbursement or other adjustment) compared to the net amount Vendor would have retained prior to such implementation by reduction in the payments Vendor is otherwise required to make to the State from the Video Lottery Facility or, at Vendor's election, offsetting against such payments to the State. Should State fail to adequately reimburse Vendor as aforesaid, in addition to all other rights and remedies Vendor may have at law or in equity, Vendor shall be entitled to pursue an action against State for such reimbursement, including the cost of pursuing such legal action. Vendor's rights under this Section 5.7 shall survive the termination of this MOU.

**5.8.** Other Revenue. All revenue generated under the Video Lottery Facility Ground Lease, other than revenue generated by VLTs, shall be the sole property of Vendor and/or the VLT Operator (as determined by Vendor and VLT Operator).

## ARTICLE 6

## CONDITION OF PREMISES

**6.1.** The Aqueduct Lands shall be provided to Vendor and Vendor shall accept the same in their as-is, where-is condition subject to (a) any encumbrances of record; (b) any violations of record imposed by any governmental authority, other than any such violations as of the date of transfer that are dangerous or hazardous to the health and safety of occupants of the Video Lottery Facility, or the public, which shall be the responsibility of State; and (c) any pre-existing environmental conditions (excluding any pre-existing conditions in the NYRA Premises for which Vendor shall have no responsibility), which preexisting environmental conditions shall be the responsibility of Vendor up to a limit of One Million Dollars ($1,000,000), and which pre-existing environmental conditions shall be the responsibility of State to the extent such conditions (x) result in costs exceeding One Million Dollars ($1,000,000) (such excess costs, the "**State Remediation Costs**") or (y) with respect to the NYRA Premises, are the responsibility of the State under the NYRA Sublease. Such State-borne costs shall not be paid with any of the monies constituting part of the Capital Construction Grant or the State Expenses Fund. Notwithstanding the foregoing, Vendor shall not be required to take title to any encumbrance that would: (i) make the Video Lottery Facility Ground Lease non-financeable; (ii) make title to any portion of Video Lottery Facility unmarketable or uninsurable; (iii) impose significant additional financial burdens on Vendor not disclosed in the MOU; (iv) prevent the use of any premises occupied by Vendor (the "**Vendor's Premises**") for the purposes contemplated in this MOU; or (v) require material changes to Vendor's construction plans and specifications. Vendor shall have the right, but not the obligation, to perform any work necessary to remediate the pre-existing environmental conditions which are State's responsibility hereunder, in which event State shall reimburse Vendor for State Remediation Costs incurred by Vendor in connection therewith within thirty (30) days after demand therefor, or, at Vendor's option, Vendor may credit such amounts against the next payments due to State pursuant to the Legislation.

**6.2.** Vendor, at its sole cost and expense, shall cure and remove all violations at the Video Lottery Facility that are the responsibility of Vendor Under Section 6.1 or arising or occurring after the MOU Effective Date including any that are dangerous or hazardous to the health and safety of occupants of the Video Lottery Facility or to the public. In connection with any such environmental conditions, Vendor shall contact the New York State Department of Environmental Conservation (currently to be contacted to file a complaint at http://www.dec.ny.gov/regulations/393.html), shall comply with all applicable laws and regulations and shall pay all penalties arising out of any and all of such violations. Thereafter, Vendor shall promptly cure and remove all other violation conditions (other than violation conditions that will be eliminated by the construction of the Video Lottery Facility).

## ARTICLE 7

## NO CONDITIONS PRECEDENT

**7.1.** Subject to the provisions of Section 5.2 above, there shall be no conditions precedent with respect to payment of the upfront Licensing Fee, which shall be due and payable no later than ten (10) business days after the State delivers to Vendor this MOU signed by the Governor, the Temporary President of the Senate, and the Speaker of the Assembly..

## ARTICLE 8

## VENDOR'S DUE DILIGENCE

Following the signing and delivery of this MOU, the following shall occur:

**8.1.** State shall provide to Vendor reasonable access to the Video Lottery Facility, and all information and documents with respect to the Video Lottery Facility, for the making, at Vendor's sole cost and expense, of invasive and non-invasive physical due diligence examinations, reviews, surveys, investigations and assessments, including, without limitation, engineering studies, environmental assessments and other investigations, that Vendor deems necessary or beneficial in connection with the development of the Video Lottery Facility and the SEQRA process. Vendor agrees that State shall arrange for the SEQRA review of the Video Lottery Project at Vendor's cost and expense and that the State shall confirm that the environmental reports identified in MOU Schedule B (collectively, the "**Existing Environmental Reports**") are available to Vendor. Vendor acknowledges that Vendor has had the opportunity to review the Existing Environmental Reports prior to submission to State of Vendor's proposal for the Video Lottery Project, and further acknowledges that such review of the Existing Environmental Reports satisfies the obligation of State set forth in this Section 8.1 to provide Vendor information on the physical condition of the Video Lottery Facility in connection with the SEQRA process.

**8.2.** Vendor shall submit to the Division of the Lottery, for its review and approval, pre-schematic design documents, schematic design documents, design development documents and the building department filing and construction documents for the Video Lottery Project, each of which shall be subject to review and approval by State, which approval shall not be unreasonably withheld, conditioned or delayed. Vendor shall also submit to the Division of the Lottery any revised plans and specifications or other material changes for the Video Lottery Project for review and approval by State solely as to compliance with this MOU, SEQRA and the Transaction Documents. Such plans shall not contemplate increasing the gross bulk of the building comprising the Clubhouse and Grandstand by more than 30,000 square feet or increasing the height of the Video Lottery Facility. Any new rooftop additions constructed by Vendor on the Clubhouse and Grandstand, including mechanical space and equipment, shall also be subject to Division of the Lottery review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. All aspects of the Video Lottery Project shall comply with the Legislation. Notwithstanding anything to the contrary set forth in this MOU, Vendor shall have the exclusive right to determine the scope of work, the level of finish, and the extent of the investment to be made by Vendor in constructing and furnishing the Video Lottery Facility, provided that all such work, finish, investments and improvements shall, at all times, comply with the requirements set forth in Section 1.3.1 and the Design Procedures. The approvals by the Division of the Lottery of Vendor's design documents, plans and specifications described in this Section 8.2 shall not be unreasonably withheld, conditioned or delayed. Approval of a submission shall be deemed given if the Division of the Lottery does not respond (including by request for clarification or additional information) to such submission within fifteen (15) days from receipt by the Division of the Lottery of the submission of the request for approval.

## ARTICLE 9

## VIDEO LOTTERY FACILITY

**9.1.** Prohibited Uses: The Video Lottery Facility and the Video Lottery Project shall not be used for any unlawful, illegal or hazardous uses or uses in any manner that constitute a nuisance or for any purpose or use that violates the certificate of occupancy or, in the reasonable judgment of the Division of the Lottery, detracts from or degrades Aqueduct, or that renders void or voidable any insurance then in force and required by the Division of the Lottery's regulations. Examples of such prohibited uses include: sale or display of pornographic, obscene, graphically violent or immoral items or services, adult entertainment establishments, and liquor store(s) selling alcoholic beverages for off- premises consumption.

**9.2.** Assignment: Except in connection with a Permitted Transfer (as defined hereinafter) or as set forth in Section 9.3, this MOU may not be assigned by Vendor in whole or in part, nor may control of Vendor be transferred or encumbered, without the prior written consent of the Division of the Lottery, the giving of which consent shall not be unreasonably withheld, conditioned or delayed so long as any such assignment or transfer is not to a Prohibited Person as defined in Schedule C attached hereto and such person is in compliance with all licensing requirements of the Division of the Lottery. For purposes of this Section 9.2:

**9.2.1** **"Permitted Sponsor Transfer"** shall mean (a) any direct or indirect, voluntary or involuntary, sale, conveyance, pledge, assignment, encumbrance, disposition or other transfer, either in one or a series of transactions, of any direct or indirect legal or beneficial interest in SL Green Realty Corp. (**"SLG"**) or SL Green Operating Partnership, L.P. (**"SLG OP"**) and/or any rights, distributions, profits or proceeds relating thereto, including (but not limited to) by way of any merger, consolidation, amalgamation, sale, or other transfer of any kind of any stock, limited or general partnership interests, limited liability company interests, trust certificates or issuances of any other debt, equity or other securities or similar evidences of ownership of legal or beneficial interests of any nature whatsoever, whether preferred, subordinated, pari passu, secured or unsecured, as the case may be, of SLG or SLG OP or any legal or beneficial interest therein, (b) any sale of all or substantially all of the assets of SLG or SLG OP to any person who assumes all of the obligations of SLG or SLG OP, as applicable, under the Transaction

Documents or (c) any current or additional borrowing or financing by or other indebtedness of any nature of SLG or SLG OP and/or any direct or indirect holder of a legal or beneficial interest therein.

**9.2.2** "**Permitted Transfer**" shall mean any of the following: (i) any Permitted Sponsor Transfer; (ii) the Affiliate Subleases as contemplated in Exhibit A of the Transmittal Letter; (iii) any other sublease, license, concession or other occupancy agreement entered into in accordance with the provisions of the Video Lottery Facility Ground Lease; (iv) any direct or indirect transfer of interest in Vendor to one or more passive investors which in the aggregate do not exceed forty-nine percent (49%) of the ownership interests in Vendor, (v) the pledge or any realization of a pledge, including to a third party by the holder and pledgor, of the direct or indirect ownership interests in ARE or in AO to one or more Permitted Lenders; (vi) any pledge of the ownership interests in ARE or AO or in any direct or indirect member of ARE or AO to an affiliate which is a direct or indirect parent of the Lessee or AO to secure a loan to such parent; (vii) a transfer to a Permitted Lender or any other person to whom Vendor's interest in the Leases or to whom any equity interest is assigned as a result of a foreclosure sale or other realization of any security interest or a deed in-lieu of foreclosure or an assignment in lieu thereof; provided such person is not a Prohibited Person and is in compliance with all licensing requirements of the Division of the Lottery; and (viii) any assignment, transfer or disposition of any of Vendor's rights or obligations (a) under the Video Lottery Facility Ground Lease to the extent such assignment, transfer or disposition does not affect the ownership of the Video Lottery Project (it being understood that the assignment of the Video Lottery Facility Ground Lease pursuant to this clause (vii) shall not operate to release Vendor from liability for any obligations thereunder) and (b) under this MOU or any of the Transaction Documents (other than the Video Lottery Facility Ground Lease) to (x) any successors in interest in connection with the public listing of Vendor's shares, (y) any partner or strategic investor obtaining major decision rights but not day to day control of Vendor, (z) any of Vendor's employees, officers.

**9.2.3** After substantial completion of the Video Lottery Facility, so long as there is not an event of default continuing hereunder, Vendor, without State's prior written consent, may effect a transfer of the Video Lottery Facility Ground Lease, the Video Lottery Facility Sublease and/or of the Video Lottery Project, upon not less than thirty (30) days' prior written notice to State, in addition to the Permitted Transfers set forth above, to any person provided that such person (i) is not a Prohibited Person, (ii) is in compliance with all licensing requirements of the Division of the Lottery, (iii) has reasonably sufficient financial resources available to it to perform the obligations to be assumed by such person and State shall have been furnished with evidence reasonably satisfactory to State of such financial condition, and (iv) is experienced in the operation of properties similar to the Video Lottery Facility. It is understood and agreed that (x) in determining the financial resources of any such person, there shall be taken into consideration the revenues of the Video Lottery Facility that are to be transferred to such person as well as the financial resources that shall be available to such person through its principals and such person's (or its principals') ability to borrow funds either on a secured or unsecured basis, (y) the fact that the person to which such transfer is to be made may be a single purpose entity whose sole assets are the Video Lottery Facility so transferred, shall not, in itself, disqualify such person from having sufficient financial resources within the meaning hereof, and (z) the requirement for the person to have experience in the management or operation of properties similar to the Video Lottery Facility so transferred may be demonstrated and satisfied by that person having entered into an agreement engaging a manager, whether as employee, agent or independent contractor, with experience in management or operation which satisfies the standards set forth in the Video Lottery Facility Ground Lease or the Affiliate Subleases, as applicable. State shall be required to confirm the permissibility of any proposed transferee by delivering a written notice to Vendor and the prospective transferee, confirming that the proposed transfer is permissible or if not, then such notice shall state in reasonable detail, the reason(s) why such prospective transferee is not so permitted. Upon any transfer contemplated by this Section 9.2.3, Vendor shall be released from any and all liabilities and obligations under the Leases so transferred.

**9.2.4** Any dispute about whether a transfer is a Permitted Transfer or whether State's withholding of consent is reasonable shall be submitted to binding arbitration for resolution in accordance with the applicable rules of the American Arbitration Association.

**9.3.** Financing:

**9.3.1** Vendor shall provide its financing plan, sources of funds, and uses of such funds ("**Vendor Financing Plan**") in sufficient detail and with sufficient documentation from financing sources to demonstrate Vendor's ability to meet the financial commitments and development commitments described in this MOU, and in particular, its secured financing to make its full Licensing Fee payment as required in Section 5.2 hereof. Such Vendor Financing Plan is set forth in Vendor's Proposal.

**9.3.2** In no event shall Vendor's Proposal be subject to Vendor's ability to obtain financing as proposed in Vendor Financing Plan, and notably, there shall be no conditions precedent to the full and timely payment of the Licensing Fee, subject to the provisions of Section 5.2 of this MOU.

**9.3.3** All obligations and liabilities of Vendor under this MOU, or under any federal, state or local law, regulation, permit, approval, agreement or instrument, shall be non-recourse against State. Financing obtained by Vendor for the Video Lottery Project shall be subordinate to this MOU on the terms set out in an agreement with each of Vendor's Lenders, reasonably acceptable to State, Vendor and Vendor's Lenders setting forth the terms of such subordination and providing Vendor's Lenders with the customary rights and protections given to lenders providing comparable financing, including without limitation, notice and extended cure periods (including without limitation extensions for unavoidable delays) (each, a "**Non-Disturbance Agreement**"); it being understood that any such customary rights and protections shall be at least as favorable to Vendor's Lenders as those applicable to the lenders who provided financing for the video lottery project at Empire City. State shall reasonably cooperate with Vendor's Lenders as necessary or advisable to enable Vendor's Lenders to issue, market, sale, and offer for sale the all or a portion of the financing or any securities in connection with the financing to be arranged by Vendor's Lenders (it being understood that such marketing, sale, or offering for sale may be similar to the marketing, sale or offering for sale conducted in connection with the financing provided for the video lottery project at Empire City or any comparable registered offering of debt securities). Leasehold mortgage financing and debt securities offerings by Permitted Lenders (as hereinafter defined) or any syndicated lending transaction which is arranged by or through a Permitted Lender or other qualified agent approved by the Division of Lottery (a

"**Permitted Financing**") and in compliance with the Division of the Lottery's regulations shall be permitted. A Permitted Financing may include provisions for a pledge of the equity interests in Vendor as well as all of Vendor's right, title and interest in and to this MOU, the franchise granted herein and the Transaction Documents as additional security for the Permitted Financing.

As used herein, "**Permitted Lender**" shall mean any Person that is either: (a) commercial bank, savings bank, saving and loan association, trust company or insurance company organized under the laws of the United States, or any state thereof, and having assets (including all assets controlled or managed by such lender) of at least One Hundred Million Dollars ($100,000,000); (b) a commercial bank or financial institution organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development (the "**OECD**") or that has concluded special lending arrangements with the International Monetary Fund ("**IMF**") under its General Arrangements, or a central bank or political subdivision of any such country, and having assets (including all assets controlled or managed by such bank) of at least One Hundred Million Dollars ($100,000,000), so long as such bank is acting through a branch or agency located in the country in which it is organized or another country that is also a member of the OCED; (c) any Person (as that term is defined in Schedule C) that is engaged in the business of commercial banking and is an insurance company, mutual fund, a real estate investment trust, investment bank, insurance company, trust company, commercial credit corporation, pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, or other financial institution organized under the laws of the United States, any state thereof, any other country that is a member of the OECD or a political subdivision of any such country that invests in bank loans and has a net worth of One Hundred Million Dollars ($100,000,000) or more; (d) any mortgage securitization entity or any entity which loans into mortgage securitizations whose assets (including all assets controlled or managed by such entity) exceed One Hundred Million Dollars ($100,000,000); (e) any investment company, money management firm or "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, or an institutional "accredited investor" within the meaning of Regulation D under the Securities Act of 1933 whose assets (including all assets controlled or managed by such entity) exceed One Hundred Million Dollars ($100,000,000); (f) any entity controlled by any of the entities described in clauses (a), (b), (c), (d), or (e) above; (g) an investment fund, limited liability company, limited partnership or general partnership where a Person that is a nationally or regionally recognized manager of investment funds investing in debt or equity interests relating to commercial real estate or an entity that is otherwise an Permitted Lender under this definition acts as the general partner, managing member or fund manager and at least fifty percent (50%) of the equity interests in such investment fund are owned, directly or indirectly, by one or more entities that are otherwise Permitted Lenders under this definition; (h) a trustee, servicer or special servicer in connection with (i) a securitization of, (ii) the creation of collateralized debt obligations secured by, or (iii) a financing through an "owner trust" of, mortgage loans; (i) any Person that is otherwise a Permitted Lender under this definition that is acting in an agency or servicer capacity for a syndicate of lenders, provided more than 50% of the committed loan amounts or outstanding loan balance are owned by lenders in the syndicate are Permitted Lenders, or (j) any Person holding loans or debt securities the aggregate amount of which does not exceed a mutually agreed threshold.

**9.3.4** Anything contained herein to the contrary notwithstanding, in no event shall this MOU or the Video Lottery Facility Ground Lease be assigned to nor shall control of Vendor be assumed by any Prohibited Person, as defined in Schedule C.

**9.4.** Insurance:

**9.4.1** Vendor shall obtain and maintain, at its sole cost and expense, insurance coverage as specified in this section. All insurance required shall be obtained at the sole cost and expense of Vendor, shall be maintained with insurance carriers authorized to do business in New York State and acceptable to the Division of the Lottery; shall be primary and non-contributing to any insurance or self insurance maintained by State; shall be endorsed to provide written notice be given to State and ESDC, at least thirty (30) days prior to the cancellation, non-renewal, or material alteration of such policies, and shall name State and ESDC and any agencies or affiliates thereof, their respective officers, agents, trustees, directors and employees as additional insureds thereunder, except for Workers Compensation or Disability coverage.

**9.4.2** General Liability Additional Insured Endorsement shall be on Insurance Service Office's (ISO's) form number **CG 20 26 11 85**, or a substitute form providing equivalent coverage. The additional insured requirement does not apply to Workers Compensation or Disability coverage.

**9.4.3** Vendor shall require any subcontractors hired, to carry insurance with the same provisions provided herein. Contractors involved in the construction, maintenance, renovation or repair of the premises will maintain Commercial General Liability limits of not less than $5,000,000 each occurrence or in the case of major construction, additions or renovations limits agreed to by State and General Liability Additional Insured Endorsement shall be on Insurance Service Office's (ISO's) form number **CG 20 10 11 85**.

**9.4.4** Vendor shall be solely responsible for the payment of all deductibles and self insured retentions to which such policies are subject. Deductibles and self insured retentions must be approved by the Division of the Lottery. Such approval shall not be unreasonably withheld.

**9.4.5** Each insurance carrier must be rated at least "A-" Class "VIII" in the most recently published Best's Insurance Report. If, during the term of the policy, a carrier's rating falls below "A-" Class VIII, the insurance must be replaced no later than the renewal date of the policy with an insurer acceptable to the Division of the Lottery and rated at least "A-" Class "VIII" in the most recently published Best's Insurance Report.

**9.4.6** Vendor shall cause all insurance to be in full force and effect as of the MOU Effective Date and to remain in full force and effect throughout the term of this MOU. Vendor shall not take any action, or omit to take any action, that would suspend or invalidate any of the required coverages during the period of time such coverages are required to be in effect.

**9.4.7** Not less than thirty (30) days prior to the expiration date or renewal date, Vendor shall supply State updated replacement Certificates of Insurance and amendatory endorsements.

**9.4.8** Vendor shall obtain and maintain the following insurance with limits not less than those described below, or as required by law, whichever is greater (limits may be provided through a combination of primary and umbrella/excess policies):

**9.4.8.1** Commercial General Liability Insurance with a limit of not less than $50,000,000 each occurrence. Such liability shall be written on the Insurance Service Office's (ISO's) occurrence form CG 00 01, or a substitute form providing equivalent coverages and shall cover liability arising from premises operations, independent contractors, products completed operations, broad form property damage including completed operations, personal & advertising injury, cross liability coverage, liability assumed in a contract including the tort liability of another and explosion, collapse and underground. The limit for Fire Damage Legal shall not be less than $100,000.

**9.4.8.1.1** If such Commercial General Liability Insurance contains an aggregate limit, it shall apply separately to each location.

**9.4.8.2** Workers' Compensation/Disability Insurance as set forth in Section 2.11 of the RFP.

**9.4.8.3** Comprehensive Business Automobile Liability Insurance with a limit of not less than $10,000,000 for each accident. Such insurance shall cover liability arising out of any automobile including owned, leased, hired and non owned automobiles.

**9.4.8.4** Commercial Property Insurance on the Vendor's Premises covering at a minimum, the perils insured under the ISO Special Causes of Loss Form (CP 10 30), or a substitute form providing equivalent coverages, for loss or damage to any owned, borrowed, leased or rented personal property, improvements and betterments, equipment, tools, including tools of their agents and employees, and property of State held in their care, custody and/or control.

**9.4.8.5** Rental Value Insurance providing coverage for fair rental value of any portion of the Vendor's Premises.

**9.4.8.6** Garage Keepers Legal Liability Coverage with a limit of not less than $1,000,000 at each location for Comprehensive and Collision Coverage for damage to a customer's automobile or automobile equipment in your care, custody or control.

**9.4.8.7** If Vendor uses, stores, handles, processes or disposes of hazardous materials, then Vendor shall maintain in full force and effect through the period required by the Division of the Lottery, Environmental Impairment Liability insurance with limits of not less than $5,000,000, providing coverage for bodily injury, property damage or loss of use of damaged property or of property that has not been physically injured. Such policy shall provide coverage for actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of pollutants, including any loss, cost or expense incurred as a result of any cleanup of pollutants or in the investigation, settlement or defense of any claim, suit, or proceedings against The People of the State of New York or ESDC, arising from Vendor's use, storage, handling, processing or disposal of hazardous materials

**9.4.8.8** If Vendor sells, distributes, serves or furnishes alcoholic beverages, then Vendor shall maintain in full force and effect through the term, Liquor Liability Insurance with limits of not less than $5,000,000.

**9.4.8.9** During the performance of any construction work, restoration or alteration, Vendor will maintain or require the contractors to maintain builder's risk coverage on a completed value form covering the perils insured under the ISO special causes of loss form, including collapse, water damage, and transit and theft of building materials, with deductible reasonably approved by the Division of the Lottery, in non reporting form, covering the total value of work performed and equipment, supplies and materials at the location of the job as well as at any offsite storage location used with respect to the Video Lottery Project. The policy shall cover the cost of removing debris, including demolition as may be legally necessary by the operation of any law, ordinance or regulation. Such policy shall name as insureds, The People of the State of New York, ESDC, Vendor, Contractor and Subcontractors. Consent of the carrier must be included to allow for the occupancy or use of the property by Vendor and State.

**9.4.8.10** If any construction work, restoration or alteration involves abatement, removal, repair, replacement, enclosure, encapsulation and/or disposal of any hazardous material or substance, petroleum or petroleum product, Vendor will require the Contractor to maintain in full force and effect throughout the term hereof, Pollution Legal Liability insurance with limits of not less than $10,000,000, providing coverage for bodily injury and property damage, including loss of use of damaged property or of property that has not been physically injured. Such policy shall provide coverage for actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of pollutants, including any loss, cost or expense incurred as a result of any cleanup of pollutants or in the investigation, settlement or defense of any claim, suit, or proceedings against State or ESDC arising from Contractor's work.

**9.4.8.11** Coverage should be written on an occurrence basis. If not available and subject to the approval of the Division of the Lottery, if coverage is written on a claims- made policy, Vendor warrants that any applicable retroactive date precedes or matches the MOU Effective Date; and that continuous coverage will be maintained, or an extended discovery period exercised, for a period of not less than two (2) years from the time work on the Video Lottery Facility is completed.

**9.4.8.12** If any agreement between State and Vendor includes disposal of materials from the job site, the Contractor must furnish to State evidence of pollution legal liability insurance with a limit of not less than $5,000,000 maintained by the disposal site operator for losses arising from the disposal site accepting waste under such agreement.

**9.4.8.13** If autos are to be used for transporting hazardous materials, Vendor shall provide pollution liability broadened coverage for covered autos (endorsement CA 99 48) as well as proof of MCS 90.

**9.4.8.14** Waiver of Subrogation. Vendor shall cause to be included in each of its policies insuring against loss, damage or destruction by fire or other insured casualty a waiver of the insurer's right of subrogation against State, or, if such waiver is unobtainable (i) an express agreement that such policy shall not be invalidated if Vendor waives or has waived before the casualty, the right of recovery against State or (ii) any other form of permission for the release of State.

**9.4.8.15** In the event of a loss in excess of a specified amount, the senior mortgagee, or if none, the Division of the Lottery, shall be the depository of all insurance proceeds above a specified amount to be agreed upon by Vendor and State in the Video Lottery Facility Ground Lease for purposes of advancing the proceeds to pay for restoration costs as the work progresses. All proceeds of Video Lottery Facility and casualty insurance shall be applied to restore the Video Lottery Facility.

**9.5.** Limitation on Liability: During the term of this MOU, neither State, ESDC nor any other agency nor their respective directors, officers, employees, agents or independent contractors shall be liable to Vendor or to any other person for accident or injury to person or damage to the Video Lottery Facility, or the Video Lottery Project, or any matter arising out of or in connection with the development, financing, construction, subleasing, use or occupancy of the Video Lottery Facility and the Video Lottery Project, other than (i) obligations of State or ESDC to Vendor under this MOU or under the Transaction Documents or (ii) any other accident or injury or damage to the Video Lottery Facility, or the Video Lottery Project. caused by the gross negligence or willful misconduct of State, in its agencies, departments, authorities, subdivisions, commissions, boards or other entities, or any of their respective directors, officers, commissioners, members, employees, agents or independent contractors or any other Indemnitees (as such term is defined below).

**9.6.** Indemnification:

**9.6.1** Indemnification by Vendor. Vendor shall defend, indemnify and save State, any of its agencies, departments, authorities, subdivisions, commissions, boards or other entities, and ESDC, and their respective directors, officers, commissioners, members, employees, agents and independent contractors (collectively, the "**State Indemnitees**") free and harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and disbursements, that may be imposed upon or incurred by, or asserted against, any of the State Indemnitees by reason of any construction work, renovation, hazardous substances, environmental condition, whether now existing or arising hereafter, accident or injury to person or damage to the Video Lottery Facility, including the Video Lottery Project, or any other matter related to operation, leasing, use and occupancy of the Video Lottery Project and the Video Lottery Facility, in each case, arising from and after delivery of possession of the Video Lottery Facility to Vendor, subject, however, to the limitation set forth in Section 6.1 hereof with respect to existing environmental conditions (each, an "**Indemnified Matter**"). The foregoing indemnities shall apply notwithstanding fault or negligence on the part of State or any of its agencies, departments, authorities, subdivisions, commissions, boards or other entities, or any of their respective directors, officers, commissioners, members, employees, agents or independent contractors, or irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability; provided, however, that such indemnities will not be applicable to a particular State Indemnitee with respect to willful misconduct or gross negligence on the part of such State Indemnitee. Notwithstanding anything in this Section 9.6, in no event shall Vendor be liable to any State Indemnitee for any Indemnified Matter caused by any breach by NYRA of the

NYRA Sublease, any acts, omissions or negligence of NYRA, its employees, agents, officers, directors, trustees or independent contractors or any other person under NYRA's control. Vendor shall be given prompt written notice of any claim for indemnification together with copies of any correspondence, demands or pleadings relating to such claim and shall have the sole right to control the defense or settlement of any third party action or claim underlying a claim for indemnification with counsel of its own choosing, provided the State Indemnitees shall be given not less than thirty (30) days prior written notice of any proposed terms of settlement not covered by insurance. The State Indemnitees shall be obligated to reasonably cooperate with Vendor in the defense or settlement of any such third party action or claim and no Indemnitee shall compromise or settle any such third party action or claim without obtaining the prior written consent of Vendor, which consent shall not be unreasonably withheld or delayed. The foregoing indemnity shall not impose any personal liability with respect to the parent companies, subsidiaries, affiliates, officers, directors, agents or employees of Vendor.

**9.6.2** Indemnification by State. State shall defend, indemnify and save Vendor, any of its directors, officers, members, employees, partners, shareholders, agents and other representatives (collectively, the "**Vendor Indemnitees**") free and harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable attorneys' fees, disbursements and litigation costs, that may be imposed upon or incurred by, or asserted against, any of Vendor Indemnitees by reason of any other bidders responding to the RFP or in connection with any previous bidding procedures conducted by the State in connection with the development of a Video Lottery Facility.

**9.7.** Maintenance and Repair: During the term of this MOU, Vendor shall be responsible for all restoration, maintenance and repair, both interior and exterior, at the Video Lottery Project and the Video Lottery Facility. Without limiting the generality of the foregoing, Vendor intends to make annual maintenance capital expenditures with respect to the Video Lottery Project as described in the Proposal. Any such improvement, restoration, maintenance or repair shall comply with all applicable statutes, codes, rules and regulations applicable to the building. Notwithstanding the foregoing, if State determines that Vendor has failed to so maintain and repair the exterior of the Video Lottery Project or the Video Lottery Facility and such failure poses a threat to health and safety and continues for thirty (30) days after written notice to Vendor, subject to unavoidable delays (or, if such maintenance and repair cannot be completed in thirty (30) days, if Vendor has failed to commence to maintain and repair the Video Lottery Project or the Video Lottery Facility in thirty (30) days and to diligently prosecute such maintenance and repair to completion), State and its agents and assigns, may enter the Video Lottery Facility and the Video Lottery Project to perform such maintenance, subject to agreed cure rights of any lender providing financing for the Video Lottery Facility or the Video Lottery Project. Vendor shall promptly pay to the Division of the Lottery the amount equal to the actual costs and expenses incurred by State for such maintenance and repairs.

**9.7.1** In no event shall NYRA's failure to perform its obligations under the NYRA Sublease be deemed or treated as a default by Vendor under any of the Transaction Documents.

**9.7.2** Vendor shall be entitled to exercise self-help remedies to the extent that any maintenance, repair or restoration obligation is the obligation of NYRA or State and NYRA or

State fails to perform such obligations and such failure poses a threat to health and safety after notice and opportunity to cure, except in the event of an emergency. The reasonable costs and expenses actually incurred by Vendor in connection with the exercise of such rights shall be paid by State or NYRA, as applicable, promptly after incurred.

**9.8.** Casualty: If the Video Lottery Project or the Video Lottery Facility shall be damaged or destroyed (in whole or in part) at any time during the term of this MOU, Vendor, to the extent the insurance proceeds (plus the amount of any deductible) are sufficient for such purposes, shall replace, repair, rebuild or restore Vendor's Premises (except to the extent such obligations are NYRA's under the terms of the NYRA Sublease, in which event NYRA shall be obligated to do so), in each case subject to customary ground lease conditions and provisions, and State shall have no obligation to replace, repair, rebuild or restore the Video Lottery Project or the Video Lottery Facility. If the Project or the Vendor's Premises shall be destroyed in whole or in part, or the Video Lottery Facility or any part thereof are inaccessible as a result of such damage or destruction, there shall be an appropriate abatement or reduction in the amounts payable by Vendor under this MOU. Notwithstanding the foregoing, in the event of a substantial casualty in the last three (3) years of the term of this MOU, Vendor may terminate this MOU and the Video Lottery Facility Ground Lease. Vendor shall promptly as practicable under the circumstances (subject to the availability of adequate insurance proceeds and the agreement of any mortgagee to release such proceeds for such purpose) replace, repair, rebuild or restore the Video Lottery Project and the Video Lottery Facility (excluding those portions of the NYRA Premises that NYRA is obligated to replace, repair, rebuild or restore under the NYRA Sublease) to substantially the same condition and value as an operating entity as existed prior to such damage or destruction and may use insurance proceeds for all such purposes and NYRA shall replace, repair, rebuild or restore those portions of the NYRA Premises that NYRA is required to restore under the NYRA Sublease to substantially the same condition and value as existed prior to such damage or destruction. All plans for such replacements, repairs, rebuilding or restorations shall require the prior approval of the Division of the Lottery, but only as to matters that are subject to the Design Procedures, and such replacements, repairs, rebuilding or restorations shall be in accordance with the Design Procedures. The replacement, repair, rebuilding or restoration work shall also be subject to the same requirements as the work performed in developing the Video Lottery Project. In no event shall Vendor be required to restore the Parking Facility if the balance of the Video Lottery Facility is not also being restored.

**9.9.** No Brokers. No brokerage fees, finders' fees, commissions or other compensation will be payable by State or Vendor in connection with this MOU or the conveyance of a leasehold interest in the Video Lottery Facility to Vendor. Each party shall indemnify and hold harmless the other from and against any and all expenses, damage or liability (including, without limitation, costs and expenses of legal counsel) arising out of any claim for such fees, commissions or other compensation made in connection with the foregoing matters due to acts of such party. Each Party shall be responsible for the payment of its own attorneys' fees and costs in connection with this MOU or the conveyance of a leasehold interest in the Video Lottery Facility to Vendor.

**9.10.** Defaults: During the period Vendor is the tenant of the Video Lottery Facility, if Vendor fails to pay amounts due under this MOU, or to perform in any material respect any of its other material non-monetary obligations thereunder, which is not cured after the giving of any required notice and the expiration of any applicable cure period, Vendor's Lenders will be given notice and a reasonable time to cure provided that Vendor's Lenders have requested, in writing, written notice of the same. If not cured timely by either Vendor or Vendor's Lenders, State will have the right to pursue remedies available under this MOU, in law and in equity, to enforce payment and performance of any obligations under this MOU and/or the right to terminate this MOU.

**9.11.** Payments to State: Vendor shall pay to State the following:

**9.11.1** PILOT: Vendor shall make payments in lieu of taxes ("**PILOT**") to State in the amount of its pro rata share of the current real estate taxes of three million nine hundred seventy thousand one hundred seventeen dollars ($3,970,117) due for the Aqueduct Lands, increased by three percent (3%) per annum on or before the date any penalty or interest shall be payable by reason of the nonpayment of such Taxes. PILOT shall be reduced by the amount of abatement and/or exemption that would be available to the Vendor's Premises (excluding the NYRA Premises) pursuant to the current Industrial and Commercial Abatement Program ("ICAP") whether or not such program is in effect at the time Vendor commences construction.

**9.11.2** Sales Tax Exemption: It is anticipated that the improvements to be made in connection with the Video Lottery Project will be exempt from the payment of sales taxes as a result of the ownership of the fee interest being vested in State or a tax exempt entity. The State will not impose or seek to impose an equivalent charge on Vendor in connection with the construction/renovation of the Video Lottery Project.

**9.11.3** PILOMRT and Exemption. It is anticipated that there will be no mortgage recording tax ("**MRT**") payable with regard to the Capital Construction Grant or any leasehold mortgage financing obtained by Vendor pursuant to Section 9.3 as a result of the ownership of the fee interest being vested in State or a tax exempt entity or the landlord being a corporate governmental agency of New York State. The State will not impose, or seek to impose an equivalent charge on Vendor.

**9.11.4** Impositions: Vendor shall pay all of the following items (collectively, "**Impositions**") imposed by any governmental authority (including State, acting in its governmental capacity), all of which shall be calculated without taking into account exemptions available arising on account of the ownership of the Aqueduct Lands by State, to the extent applicable to the Video Lottery Facility: (a) Taxes, subject to the provisions of Section 9.11.1; (b) personal property taxes; (c) occupancy and rent taxes; (d) water, water meter and sewer rents, rates and charges; (e) excises; (f) levies; (g) license and permit fees; (h) service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply, if any; (i) fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto and (j) any and all other governmental charges, and any interest or costs with respect thereto.

**9.12.** Licensing Fee Non-Payment. Non-payment of the Licensing Fee when due shall be a default under this MOU which shall entitle State to exercise all remedies, including termination of this MOU.

**9.13.** Division of the Lottery. Any permanent or final suspension, revocation or termination of any license, authorization or other approval necessary in order for Vendor to act as a video lottery agent of the Division of the Lottery at Aqueduct by a governmental authority or court having jurisdiction over such matters, subject to Vendor's right to appeal, shall constitute a default under this MOU.

## ARTICLE 10

## VIDEO LOTTERY FACILITY DEVELOPMENT

**10.1.** Vendor shall be the developer of the Video Lottery Facility (the "**Video Lottery Developer**") and State shall be the owner. Vendor entity shall at all times include an entity with significant experience in the development and operation of large- scale gaming facilities.

**10.2.** Milestone Dates: Video Lottery Developer shall undertake development of the Video Lottery Facility so as to meet the following milestone dates:

**10.2.1** subject to the Parties reaching mutual agreement as to the scope of the Preliminary Facilities as set forth in Section 1.3.1 hereof, construction of the Preliminary Facilities shall commence immediately following the later to occur of (i) the Closing Date and (ii) the date that the Division of the Lottery approves the initial plans and specifications for the Preliminary Facilities as set forth in Section 10.4.2 below;

**10.2.2** construction of the Renovation Premises shall commence immediately following the later of (i) the Closing Date and (ii) the date that the Division of the Lottery approves the initial plans and specifications for the Renovation Premises as set forth in Section 10.4.2 below; and

**10.2.3** construction of the Construction Premises shall likewise commence immediately following the later of (i) the Closing Date and (ii) the date that the Division of the Lottery approves the initial plans and specifications for the Construction Premises as set forth in Section 10.4.2 below.

**10.2.4** Video Lottery Developer shall use commercially reasonable efforts to substantially complete, subject to force majeure delays, construction of the Video Lottery Facility and all related projects within the timeframes specified in the Proposal. The issuance of a temporary certificate of occupancy for the Video Lottery Facility shall be deemed to mean that the Video Lottery Facility shall be considered substantially complete. The definition of "force majeure" delays shall be based on industry standards for construction projects such as the Video Lottery Facility.

**10.3.** Records: All records of Video Lottery Developer related to or concerning the construction of the Video Lottery Project or the subleasing of any part of the Video Lottery Facility shall be subject to audit by State, at State's cost, on reasonable advance notice to Video Lottery Developer during Video Lottery Developer's regular business hours, provided however, that State's right to audit such records shall expire, with respect to records relating to the construction of the Video Lottery Project, on a date that is six (6) years after the issuance of the permanent certificate of occupancy for the Video Lottery Project.

10.4. <u>Design and Construction of the Video Lottery Project</u>:

**10.4.1** Video Lottery Developer shall pay all costs and expenses of design and construction of the Video Lottery Project in excess of the Capital Construction Grant.

**10.4.2** Prior to the commencement of any work by Video Lottery Developer on the Video Lottery Project, the Division of the Lottery shall have approved the plans and specifications in accordance with the Design Procedures. Video Lottery Developer must obtain the Division of the Lottery's prior written approval before Video Lottery Developer proceeds to the next phase, such approvals to be given within the time limits specified in Section 8.2 hereof or as otherwise specified in the Design Procedures. If the Division of the Lottery disapproves of any such plans and specifications, the Division of the Lottery, upon request, shall review with Video Lottery Developer the reasons for such disapproval and cooperate with Vendor to develop a plan to address the Division of the Lottery's concerns.

**10.4.3** The Video Lottery Facility shall be developed and constructed to comply with all applicable federal and State laws, codes, rules and regulations, including the Americans with Disabilities Act and with all applicable statutes, codes, rules and regulations, including the New York City Fire Code (with respect to life and safety only), applicable to the building. Video Lottery Developer shall be required to obtain, at its sole cost and expense, all appropriate governmental permits and approvals as if the fee interest in the Video Lottery Facility and the Video Lottery Project were owned by Video Lottery Developer. State shall cooperate with Video Lottery Developer, at Video Lottery Developer's sole cost and expense, to obtain such permits and approvals.

**10.4.4** Video Lottery Developer shall use commercially reasonable efforts to achieve the goals for MWBE utilization and minority and female workforce participation, as required by the RFP and included in the Proposal.

**10.5.** <u>Cooperation of State</u>. In order to expedite Vendor's construction and renovation work, State shall, from and after the date hereof, at Vendor's sole cost and expense, take all necessary and appropriate actions so that all necessary approvals, permits and consents required by law to construct the Preliminary Facility, Video Lottery Facility and the Parking Facility ("**Required Approvals**") shall be issued by the Division of the Lottery (or such other applicable State agency responsible for issuing such Required Approvals for other State projects).

## ARTICLE 11

## VIDEO LOTTERY AGENT LICENSE

**11.1.** Upon completion of the Video Lottery Facility, Vendor shall operate the Video Lottery Facility or shall cause the Video Lottery Facility to be operated in accordance with the applicable laws and the Division of the Lottery's regulations.

## ARTICLE 12

## TRANSFER TAXES

**12.1.** Vendor shall pay applicable State and City transfer taxes, if any, due in connection with this MOU, without regard for any exemption by reason of State's being a party to this MOU.

## ARTICLE 13

## APPLICABLE STATUTES AND REGULATIONS

**13.1.** All Applicable Law: The Project shall be subject to and Vendor shall comply with all applicable provisions of Federal, State and local laws, as such laws may be amended from time to time.

**13.2.** New York State Law: Vendor specifically recognizes that the Project shall be subject to and Vendor shall comply with all applicable provisions of the Legislation, including without limitation, the Racing, Pari-mutuel Wagering and Breeding Law, the Tax Law, the Real Property Tax Law, the Alcoholic Beverage Control Law and the State Finance Law, and including without limitation the following:

**13.2.1** Division of the Lottery's Rules: The Video Lottery Project shall be subject to any and all rules and regulations promulgated by the Division of the Lottery pursuant to Section 1617-a of the Tax Law, including without limitation regulations relating to licensing of employees, hours of operation, and compliance with applicable labor laws.

**13.2.2** Labor Provisions: The Video Lottery Project shall be subject to any rules and regulations promulgated pursuant to Section 213 of the Racing, Pari-Mutuel Wagering and Breeding Law, including without limitation any requirement of State with respect to hiring of minority and women-owned business enterprises, entering of project labor agreements, payment of prevailing wages, and employment of contractors utilizing apprenticeship programs.

## ARTICLE 14

## DEFAULT IN MOU OBLIGATIONS

**14.1.** In the event Vendor is in material default of any of its obligations under this MOU, this MOU may be deemed terminated by written notice from State to Vendor, subject to refund of the Licensing Fee and accrued interest to Vendor as set forth in Section 14.2 below by State, and neither Party shall have any further liability under, or with respect to, this MOU; provided however, that State shall give written notice to Vendor of any material default of any of Vendor's obligations under this MOU, and Vendor fails to cure such default within thirty (30) days after receipt of such notice of default from State or, if the default is not susceptible of cure within thirty (30) days, Vendor fails to commence to cure such default within thirty (30) days after receipt of such notice of default from State or fails to diligently proceed and complete the cure within a reasonable time thereafter, which reasonable time shall in no event exceed two (2) months.

**14.2.** This MOU may be terminated at any time prior to the Closing Date: (a) by the mutual written consent of Vendor and State; (b) by Vendor if (i) State is in material default of any of its obligations under this MOU after the expiration of applicable notice and grace periods, (ii) there is any change or amendment in the Legislation or any law, rule or regulation which materially and adversely effects the overall economics of the transactions contemplated in this MOU or (iii) on or before October 3, 2010, if Vendor has not received State's counterpart signature to this MOU or any of the Transaction Documents has not been entered into, executed and delivered to Escrow Agent by the parties thereto; (c) by State, subject to Section 14.1, if Vendor is in material default of any of its obligations under this MOU after the expiration of applicable notice and grace periods; and (d) by either Vendor or State if the Escrow Release Conditions shall not have occurred by December 31, 2010; provided, however, that the right to terminate this MOU under this Section 14.2 shall not be available to any party whose failure to fulfill any obligation under this MOU shall have been the cause of, or shall have resulted in, the failure of the Escrow Release Conditions to occur on or prior to such date. In the event this MOU shall be terminated by State pursuant to subsection (c) above , the State (after the expiration of any applicable grace and notice periods) shall (i) retain Five Millions Dollars ($5,000,000) of the Licensing Fee and (ii) promptly, and in any event within three (3) business days after the effective date of termination, return the balance of the Licensing Fee (together with any accrued interest earned thereon) to Vendor. In the event this MOU shall be terminated by either Party pursuant to subsections (a), (b)(i), (b)(ii), (b)(iii) or (c) above, the State shall promptly, and in any event within three (3) business days after the effective date of termination, return the Licensing Fee (together with any accrued interest earned thereon) to Vendor. Notwithstanding anything contained in Section 14.1 or this Section 14.2, no termination of this MOU shall relieve either party from liability for any breach of this MOU. If this MOU is terminated by Vendor pursuant to subsections (b)(i) or (b)(ii) above, State shall pay to Vendor within three (3) business days after the effective date of termination all documented, reasonable out-of-pocket costs and expenses, including the reasonable fees and expenses of lawyers, accountants and financial and other advisors, incurred by Vendor in connection with the entering into of this Agreement and the carrying out of any and all acts contemplated hereunder. If this Agreement is terminated pursuant to this Section 14.2, except as expressly set forth herein, this Agreement and all of Vendor's and State's rights and obligations hereunder shall cease and terminate and be of no further force or effect. In the event this MOU is terminated prior to the Closing Date, the Transaction Documents shall be cancelled and shall be of no force and effect.

**14.3.** Except to the extent expressly provided in Sections 6.1, 14.2 and 15.2 of this MOU, in no event shall State, or any of its agencies, departments, authorities, subdivisions, commissions, boards or other entities, or ESDC be liable for any costs or expenses incurred or to be incurred by Vendor in connection with, or related to, this MOU, the Video Lottery Facility, any other premises described herein or the Project. In no event shall any directors, officers, employees, consultants or agents of State, or any of its agencies, departments, authorities, subdivisions, commissions, boards or other entities or ESDC have any liability under this MOU.

**14.4.** State acknowledges that Vendor is required to make substantial capital investments and undertake significant financial risk in order to meet the requirements of State pursuant to this MOU. Vendor agrees to make such investments and undertake such risk based on the selection of Vendor to develop, construct and operate the Video Lottery Facility. State further acknowledges that (i) any change in the Legislation adverse to Vendor, (ii) any law, rule or regulation, or amendment to law, rule or regulation, reducing or eliminating the ability of Vendor to operate Video Lottery Facility or (iii) any termination, or partial termination prior to the expiration of the Initial Term (as it may be extended), by State, Division of Lottery, the Franchise Oversight Board or any other entity of State, of any license, authorization or other approval necessary in order for Vendor to conduct video lottery gaming at Aqueduct, for reasons other than Vendor's default or material breach of the Transaction Documents contemplated by this MOU, after reasonable notice and opportunity to cure, will result in significant losses and all kinds of other damages to Vendor.

## ARTICLE 15

## GENERAL PROVISIONS

**15.1.** Each Party represents that it has the right, power, legal capacity and authority to enter into and perform the obligations under this MOU and to bind its heirs, successors, executors, administrators, assigns, beneficiaries, trustees, and trustors. Each Party has had the opportunity to seek legal advice from attorneys of its/their own choosing.

**15.2.** In the event of any proceeding arising out of or related to a breach of this MOU by either Party hereto, the prevailing party shall be entitled to recover from the losing party all of the costs and expenses incurred in connection with such proceeding, including court costs and attorney's fees and expert's fees, whether or not such proceeding is prosecuted to judgment.

**15.3.** This MOU and the Transmittal Letter (which is hereby incorporated by reference into this Agreement and is made a part hereof as though fully set forth in this Agreement), contain the entire understanding and agreement between the Parties, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, relating to the subject matter that are not fully expressed herein or therein.

**15.4.** This MOU shall not be modified by either Party by oral representation made before or after the execution of this MOU. All modifications must be in writing and signed by the Parties.

**15.5.** This MOU shall not be construed against the Party preparing it, but shall be construed as if both Parties jointly prepared this MOU, and any uncertainty or ambiguity shall not be interpreted against any one Party.

**15.6.** The Parties agree that, except as provided in Section 5.1, each Party shall pay and be responsible for all of its own attorney's fees, costs, and expenses in connection with the negotiation and preparation of this MOU.

**15.7.** The Parties intend to execute all further and additional documents as shall be reasonable, convenient, necessary or desirable to carry out the intent and provisions of this MOU.

**15.8.** This MOU shall be construed and enforced in accordance with and governed by the laws of the State of New York without reference to conflicts of laws principles, and, subject to Section 9.2.4, the venue for any action with respect to its enforcement shall lie in the Court of Claims, to the extent required, or State or Federal Court located in the County of Albany, State of New York.

**15.9.** This MOU may be executed in counterparts, and when each Party has signed and delivered one such counterpart, each counterpart shall be deemed an original and, when taken together with the other signed counterpart, shall constitute one MOU, which shall be binding upon and effective as to all Parties.

**15.10.** Should any part of this MOU be found to be invalid, the validity of any remaining parts or provisions shall not be affected thereby.

**15.11.** All executory provisions of this MOU are conditional one upon the other.

**15.12.** The Parties represent and warrant that they understand the contents of this MOU and have executed it voluntarily.

**15.13.** All promises and covenants contained in this MOU shall survive the execution and delivery of this MOU.

**15.14.** Each Party acknowledges that such Party is fully aware of the significance and legal effect of this MOU, and is not entering into this MOU in reliance on any representation, promise, or statement made by any party, except those explicitly contained in this MOU.

**15.15.** No waiver by a Party or of its respective attorney of any condition or term of this MOU shall be deemed a waiver of any other condition or provision of this MOU.

**15.16.** Time is hereby expressly declared to be of the essence as it pertains to this MOU and to each and every term, covenant, agreement, condition and provision hereof.

**15.17.** Each person executing this MOU hereby represents and warrants that he/she has the legal power, right and actual authority to bind the Party on whose behalf they are executing this MOU to the provisions of this MOU.

**15.18.** Each Party to this MOU hereby agrees that, due to the nature of the development contemplated by this MOU, there may be changed circumstances or unexpected events that require future negotiation and agreement between the Parties. Each Party hereby covenants to the other that it will negotiate in such circumstances in good faith and in a fair and equitable manner to effectuate the goals of this MOU.

**15.19.** No brokerage fees, finders' fees, commissions or other compensation will be payable by State, ESDC or Vendor in connection with this MOU.

**15.20.** The parties do not intend to create, nor should this MOU be construed as creating, a partnership or joint venture relationship between State and Vendor for any purpose.

**15.21.** Notwithstanding anything to the contrary set forth in this MOU, the Parties intend that State shall be the sole owner of Aqueduct and the Aqueduct Lands and Aqueduct

Improvements for any and all purposes, including all areas of New York law and Federal income tax law, excepting only such rights to use Aqueduct and the Aqueduct Lands and Aqueduct Improvements as are expressly granted to Vendor pursuant to this MOU and shall remain so throughout the term of this MOU; it being understood that none of Aqueduct, the Aqueduct Land or the State's interest in the Video Lottery Facility Ground Lease may be sold, assigned, conveyed or otherwise transferred, directly or indirectly, to any non-State governmental authority during the respective terms of thereof.

**15.22.** State represents and warrants to Vendor that State is the sole owner of Aqueduct, the Aqueduct Lands and the Aqueduct Improvements for any and all purposes, including all areas of New York law and Federal income tax law, excepting only such rights to use Aqueduct, the Aqueduct Lands and the Aqueduct Improvements as are expressly granted to Vendor pursuant to this MOU.

**15.23.** All notices provided or permitted to be given under this MOU must be in writing and may be served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such party by a nationally-recognized, overnight delivery service (e.g., Federal Express); or by facsimile copy transmission during normal business hours with a confirmation copy delivered by FedEx. Facsimile transmissions shall be deemed received as of the date and time indicated on the confirmation of successful transmission generated by the sender's electronic equipment. notice given in accordance herewith shall be effective upon delivery to the address of the addressee (even if such addressee refuses delivery thereof). For purposes of notice, the addresses of the parties shall be as follows:

| | |
|---|---|
| If to State, to: | [__________]<br>[__________]<br>Attention:<br>Facsimile: |
| With a copy to: | [_____________]<br>[_____________]<br>Attention:<br>Facsimile: |
| If to Vendor, to: | Aqueduct Real Estate LLC and Aqueduct Operator LLC<br>c/o SL Green Realty Corp.<br>420 Lexington Avenue<br>New York, New York 10170<br>Attention: Marc Holliday and Andrew S. Levine<br>Facsimile: 212.216.1776 and<br>Facsimile: 212.356.4135 |
| With a copy to: | Greenberg Traurig, LLP<br>200 Park Avenue<br>New York, New York 10166 |

Attention: Robert J. Ivanhoe, Esq.
Facsimile: 212.801.6400

**15.24.** No Party to this MOU shall make, or cause to be made, any press release or public announcement in respect of this MOU or the transactions contemplated by this MOU or otherwise communicate with any news media without the prior written consent of the other party unless otherwise required by law or applicable stock exchange regulation, and the parties to this MOU shall cooperate as to the timing and contents of any such press release, public announcement or communication.

**15.25.** Unless this MOU shall have been terminated in accordance with the provisions of Article 14 or Section 5.2, State shall not, directly or indirectly, solicit, discuss, negotiate or enter into any understanding or agreement with respect to the development, construction or operation of the Video Lottery Facility at Aqueduct with any person other than Vendor and shall terminate any and all discussions relating to the Video Lottery Facility with any other person. State acknowledges and agrees that Vendor's remedies at law for any breach of this Section 15.25 would be inadequate and, accordingly, State covenants and agrees that, in addition to any other rights and remedies under this letter, Vendor shall be entitled to specific performance and temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in order to enforce this Section 15.25 or to prevent any breach of the provisions hereof, without the necessity of proving damages and without posting any bond or other security.

**15.26.** State acknowledges that this MOU contains and the Transaction Documents will contain private, confidential, trade secrets and other proprietary information (the "**Confidential Information**") of Vendor relating to the actual and anticipated businesses, activities and operations of Vendor developed or obtained by Vendor by the investment of significant time, effort, and expense and that the disclosure of such Confidential Information prior to the selection of the winning vendor would cause Vendor serious harm. Therefore, State agrees, to the maximum extent permitted by law, that State shall hold and maintain the MOU and all accompanying exhibits and schedules in confidence and not directly or indirectly, use, disclose, disseminate, publish, divulge, or otherwise reveal the contents thereof for any purpose unless and until Vendor is selected as the winning vendor, except to the extent otherwise required by law or with Vendor's consent, in each instance. Thereafter, although Vendor asserts confidentiality to the entire MOU and all of the Transaction Documents, Vendor recognizes that the State may deem certain provisions to be non-confidential and therefore subject to disclosure pursuant to the Freedom of Information Law ("**FOIL**"); provided however, State shall use all reasonable efforts to prevent the Confidential Information contained in the MOU and the Transaction Documents not required to be disclosed pursuant to FOIL from being disclosed, and in any event, shall notify Vendor should the State decide it is obligated to disclose Confidential Information sufficiently in advance of such disclosure so as to give Vendor an opportunity to contest the necessity therefor.

**15.27.** Limitation of Vendor Liability. It is expressly understood and agreed by the parties hereto that (a) this Agreement is executed and delivered by ARE and AO as Vendor, (b) each of the representations, undertakings and agreements herein made on the part of Vendor is made and intended not as personal representations, undertakings and agreements by any officer, director, member, direct or indirect owner, shareholder or partner of ARE or AO or any of their respective affiliates (other than Vendor) (collectively, "**Vendor Related Parties**") but is made and intended for the purpose for binding only Vendor, (c) nothing herein contained shall be construed as creating any liability on any Vendor Related Party, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties to this Agreement and by any person claiming by, through or under them and (d) under no circumstances shall any Vendor Related Party be personally liability for the payment of any indebtedness or expenses of Vendor or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaking by Vendor under this MOU or the Transaction Documents.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have entered into this MOU as of the Effective Date.

**THE STATE OF NEW YORK**

By:______________________________________
Governor

_________________________________________
Temporary President of the Senate

_________________________________________
Speaker of the Assembly

**THE VENDOR**

AQUEDUCT REAL ESTATE LLC,
a Delaware limited liability company

______________________________

AQUEDUCT OPERATOR LLC,
a Delaware limited liability company

______________________________

Appendix D-2

## WORK FORCE EMPLOYMENT STAFFING PLAN

Project/RFP Title: RFP for Development and Operation of a Video Lottery Facility at Aqueduct Racetrack

Location of Contract: Queens (County) 11417 (Zip)

Contractor/Firm Name: The Regional Alliance for Small Contractors, Inc.

Address: 625 8th Ave., New York, NY 10018 (State / Zip)

Check applicable categories (1) Staff Estimates include: Contract/Project Staff X  Total Work Force __  Subcontractors __

(2) Type of Contract: Construction Counsultants __  Commodities __  Services/Consultants X

**Total Anticipated Work Force**

| Federal Occupational Category | Total Number of Employees | | Black (Not of Hispanic Origin) | | Hispanic | | Asian or Pacific Islander | | Native American/ Alaskan Native | | Total Percent Minority Employees | Total Percent Female Employees |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | | |
| Officials/Admin | 1 | | 1 | | | | | | | | 100 | |
| Professionals | 1 | 3 | | 2 | | 1 | | | | | 75 | 75 |
| Technicians | | | | | | | | | | | | |
| Sales Workers | | | | | | | | | | | | |
| Office & Clerical | | 2 | | | | 2 | | | | | 100 | 100 |
| Craft Workers | | | | | | | | | | | | |
| Operatives | | | | | | | | | | | | |
| Laborers | | | | | | | | | | | | |
| Service Workers | | | | | | | | | | | | |
| TOTALS | 2 | 5 | 1 | 2 | | 3 | | | | | 86 | 71 |

Company Official's Name: Earle J. Walker

Title: Executive Director

Company Official's Signature:

Date: 6/15/2010

Telephone Number: (212) 268-7446

Aqueduct Operator LLC
and
Aqueduct Real Estate LLC
c/o SL Green Realty Corp.
420 Lexington Avenue
New York, NY 10170

June 29, 2010

Ms. Gail P. Thorpe, Contracting Officer
New York State Division of the Lottery
Finance Office
One Broadway Center
Schenectady, NY 12305

Dear Ms. Thorpe:

Enclosed please find **Attachment 2,** Financial Proposal Form, on account of the request for the Proposal being submitted by Aqueduct Operator LLC and Aqueduct Real Estate LLC.

Thank you for your consideration.

Sincerely,

Andrew Levine

**Attachment 2**

## Development and Operation of a Video Lottery Facility at Aqueduct Racetrack

## Financial Proposal Form (Licensing Fee)

Licensing Fee: As and for consideration to State for being selected by State as the preferred bidder for development of the VLT Facility, Aqueduct Operator LLC shall pay to State the sum of $300.0 million, (the "**Licensing Fee**"), which Aqueduct Operator LLC shall pay as set forth in the MOU. The MOU sets forth the terms and conditions of the contractual commitment by the Vendor to pay the Licensing Fee.

Aqueduct Operator LLC

By: ______________________

Andrew S. Levine
Authorized Signatory