

Vornado Announces Its Share of Toys "R" Us First Quarter Financial Results

Company Release - 6/17/2009

PARAMUS, N.J.--(BUSINESS WIRE)-- Vornado Realty Trust (NYSE:VNO) announced today that it will record its 32.7% share of Toys "R" Us' first quarter financial results in its second quarter ending June 30, 2009. Vornado's results will include a net loss of \$14,273,000 or \$.07 per diluted share compared to a net loss of \$15,811,000 or \$.09 per diluted share recorded in the quarter ended June 30, 2008.

Vornado's share of negative Funds From Operations ("FFO") before income taxes for the quarter ending June 30, 2009 will be \$10,164,000 or \$.05 per share as compared to negative FFO before income taxes of \$14,550,000 or \$.08 per share in the prior year's quarter ended June 30, 2008. Vornado's share of negative FFO after income taxes for the quarter ending June 30, 2009 will be \$4,155,000 or \$.02 per share as compared to negative FFO after income taxes of \$5,401,000, or \$.03 per share in the quarter ended June 30, 2008.

The business of Toys is highly seasonal; historically, Toys' fourth quarter net income accounts for more than 80% of its fiscal year net income.

Attached is a summary of Toys' financial results and Vornado's 32.7% share of its equity in Toys' net income, as well as reconciliations of net income to earnings before interest, taxes, depreciation and amortization ("EBITDA") and FFO.

Vornado Realty Trust is a fully-integrated equity real estate investment trust.

Certain statements contained herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.

Toys "R" Us, Inc.

Condensed Consolidated Statements of Operations - Unaudited

For the Quarter Ended

May 2, 2009

May 3, 2008

	Results on Results on a (Amounts in thousands) Basis	Historical Accounting Basis	Results on Vornado's Purchase Price Accounting Basis	Results on Vornado's Purchase Price Accounting Basis
Net sales	\$ 2,477,000	\$ 2,477,000	\$ 2,719,000	
Cost of sales	1,587,000	1,587,000	1,742,000	
Gross margin	890,000	890,000	977,000	
Selling, general and administrative expenses	788,000	798,100	907,100	
Depreciation and amortization	93,000	101,000	107,000	
Other income - net	(12,000)	(12,000)	(20,000)	
Total operating expenses	869,000	887,100	994,100	
Operating earnings (loss)	21,000	2,900	(17,100)	
Interest expense	(94,000)	(98,600)	(104,000)	
Interest income	2,000	2,000	7,000	
Loss before income taxes	(71,000)	(93,700)	(114,100)	
Income tax benefit	31,000	39,100	51,200	
Net loss	(40,000)	(54,600)	(62,900)	
Less: Net loss attributable to noncontrolling interest	5,000	5,000	8,500	

Net loss attributable to Toys "R" Us, Inc. \$ (35,000) \$ (49,600) \$ (54,400)

Vornado's 32.7% equity in Toys' net loss \$ (16,220) \$ (17,798)

Management fee from Toys, net 1,571 1,447

Interest income on credit facility 376 540

Total Vornado net loss from its investment in Toys \$ (14,273) \$ (15,811)(1)

See page 3 for a reconciliation of net income to FFO.

Reconciliation of Vornado's net income from its investment in Toys to EBITDA (2):

Net loss \$ (14,273) \$ (15,811)

Interest and debt expense 31,521 33,906

Depreciation and amortization 31,754 34,034

Income tax benefit (11,630) (15,097)

Vornado's 32.7% share of Toys' EBITDA (2) \$ 37,372 \$ 37,032

(1) Excludes a \$14,900 non-cash charge relating to income tax expense in the purchase accounting basis financial statements for fiscal years 2006 and 2007 identified in July 2008 and included in Vornado's second quarter 2008 results.

(2) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." Management considers EBITDA a supplemental measure for making decisions and assessing the un-levered performance of its segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, management utilizes this measure to make investment decisions as well as to compare the performance of its assets to that of its peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

Toys "R" Us, Inc.		
Funds From Operations - Unaudited		
(Amounts in thousands)	For the Quarter Ended	
	May 2, 2009	May 3, 2008
Reconciliation of Vornado's net income from its investment in Toys to FFO (1):		
Net loss	\$ (14,273)	\$ (15,811)
Depreciation and amortization of real property	15,566	16,358
Income tax effect of above adjustment	(5,448)	(5,948)
Vornado's share of FFO (1)	\$ (4,155)	\$ (5,401)

(1) FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as net income or loss determined in accordance with Generally Accepted Accounting Principles ("GAAP"), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO should be evaluated along with GAAP net income and income per diluted share (the most directly comparable GAAP measures), as well as cash flow from operating activities, investing activities and financing activities, in evaluating the operating performance of equity REITs. Management believes that FFO is helpful to investors as supplemental performance measures because these

measures exclude the effect of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs which implicitly assumes that the value of real estate diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, these non-GAAP measures can facilitate comparisons of operating performance between periods and among other equity REITs. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs as disclosed in the Company's Consolidated Statements of Cash Flows. FFO should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity.

Source: Vornado Realty Trust

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