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Vornado Announces Second Quarter 2009 Financial Results.

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (New York Stock Exchange: VNO) today reported:

Second Quarter 2009 Results

NET LOSS attributable to common shareholders for the quarter ended June 30, 2009 was \$51.9 million, or \$0.30 per diluted share, versus net income of \$116.9 million, or \$0.72 per diluted share, for the quarter ended June 30, 2008. Net income for the quarter ended June 30, 2008 includes \$58.6 million of net gains on sale of real estate. In addition, net loss for the quarter ended June 30, 2009 and net income for the quarter ended June 30, 2008 include certain items that affect comparability which are listed in the table below. The aggregate of these items and the net gains on sale of real estate, net of amounts attributable to noncontrolling interests, increased net loss attributable to common shareholders for the quarter ended June 30, 2009 by \$91.5 million, or \$0.53 per diluted share and increased net income attributable to common shareholders for the quarter ended June 30, 2008 by \$49.0 million, or \$0.30 per diluted share.

FUNDS FROM OPERATIONS attributable to common shareholders plus assumed conversions (“FFO”) for the quarter ended June 30, 2009 was \$93.5 million, or \$0.54 per diluted share, compared to \$200.8 million, or \$1.19 per diluted share, for the quarter ended June 30, 2008. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended June 30, 2009 and 2008 was \$186.2 million and \$205.0 million, or \$1.07 and \$1.21 per diluted share, respectively.

For the Three Months Ended June 30,

(Amounts in thousands, except per share amounts)

	2009	2008
FFO attributable to common shareholders plus assumed conversions (1)	\$ 93,515	\$ 200,784
Per Share	\$ 0.54	\$ 1.19
Items that affect comparability (income) expense:		
Mezzanine loans receivable loss accrual	\$ 122,738	\$ —
Net gains on early extinguishment of debt	(17,684)	—
Our share of partially owned entities:		
Non-cash purchase price accounting adjustments (primarily Toys “R” Us)	(13,946)	10,800
Filene’s, Boston – lease termination payment	7,650	—
Lexington Realty Trust – impairment loss	4,580	—
Alexander’s stock appreciation rights	—	(7,157)
Recognition of previously deferred income upon termination of a lease with a partially owned entity	(5,402)	—
Other, net	2,909	1,002
	100,845	4,645
Noncontrolling interests’ share of above adjustments	(8,145)	(416)
Items that affect comparability, net	\$ 92,700	\$ 4,229
Per share	\$ 0.53	\$ 0.02
FFO as adjusted for comparability	\$ 186,215	\$ 205,013
Per share	\$ 1.07	\$ 1.21

(1) See page 4 for a reconciliation of our net income to FFO for the quarters ended June 30, 2009 and 2008.

First Half 2009 Results

NET INCOME attributable to common shareholders for the six months ended June 30, 2009 was \$73.9 million, or \$0.44 per diluted share, versus \$506.4 million, or \$3.08 per diluted share, for the six months ended June 30, 2008. Net income for the six months ended June 30, 2008 includes \$64.6 million of net gains on sale of real estate. In addition, net income for the six months ended June 30, 2009 and 2008 includes certain items that affect comparability which are listed in the table below. The aggregate of these items and the net gains on sale of real estate, net of amounts attributable to noncontrolling interests, decreased net income attributable to common shareholders for the six months ended June 30, 2009 by \$107.5 million, or \$0.64 per diluted share and increased net income attributable to common shareholders for the six months ended June 30, 2008 by \$307.7 million, or \$1.82 per diluted share.

FFO for the six months ended June 30, 2009 was \$355.8 million, or \$2.12 per diluted share, compared to \$728.7 million, or \$4.32 per diluted share, for the six months ended June 30, 2008. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the six months ended June 30, 2009 and 2008 was \$464.0 million and \$473.2 million, or \$2.76 and \$2.80 per diluted share, respectively.

(Amounts in thousands, except per share amounts)	<u>For the Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
FFO attributable to common shareholders plus assumed conversions (1)	\$ 355,777	\$ 728,667
Per Share	\$ 2.12	\$ 4.32
Items that affect comparability (income) expense:		
Mezzanine loans receivable loss accrual (reversal)	\$ 122,738	\$ (10,300)
Write-off of unamortized costs associated with voluntary surrender of equity awards	32,588	—
Net gains on early extinguishment of debt	(23,589)	—
Our share of partially owned entities:		
Non-cash purchase price accounting adjustments (primarily Toys “R” Us)	(13,946)	10,800
Alexander’s stock appreciation rights	(11,105)	(6,952)
Filene’s, Boston – lease termination payment	7,650	—
Lexington Realty Trust – impairment loss	4,580	—
Development joint ventures – non-cash asset write-downs	—	34,200
Recognition of previously deferred income upon termination of a lease with a partially owned entity	(5,402)	—
Reversal of deferred income taxes initially recorded in connection with H Street acquisition	—	(222,174)
Net gain on sale of our 47.6% interest in Americold	—	(112,690)
Derivative positions in marketable equity securities	—	21,830
Marketable equity security	—	9,073
Other, net	4,783	1,480
	<u>118,297</u>	<u>(274,733)</u>
Americold’s FFO – sold on March 31, 2008	—	(6,098)
	<u>118,297</u>	<u>(280,831)</u>
Noncontrolling interests’ share of above adjustments	(10,103)	25,340
Items that affect comparability, net	\$ 108,194	\$ (255,491)
Per share	\$ 0.64	\$ (1.52)
FFO as adjusted for comparability	\$ 463,971	\$ 473,176
Per share	\$ 2.76	\$ 2.80

(1) See page 4 for a reconciliation of our net income to FFO for the six months ended June 30, 2009 and 2008.

Supplemental Financial Information

Further details regarding the Company’s results of operations, properties and tenants can be accessed at the Company’s website www.vno.com. 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. For a discussion of factors that could materially affect the outcome of our forward-looking statements and our future results and financial condition, see “Risk Factors” in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2008. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.

(tables to follow)

VORNADO REALTY TRUST
OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2009 AND 2008

(Amounts in thousands, except per share amounts)	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues	\$ 678,385	\$ 674,365	\$ 1,360,399	\$ 1,323,647
(Loss) income from continuing operations	\$ (40,375)	\$ 87,478	\$ 116,056	\$ 425,145
Income from discontinued operations	—	58,339	—	170,420
Net (loss) income	(40,375)	145,817	116,056	595,565
Net loss (income) attributable to noncontrolling interests including unit distributions	2,740	(14,685)	(13,581)	(60,595)
Net (loss) income attributable to Vornado	(37,635)	131,132	102,475	534,970
Preferred share dividends	(14,269)	(14,274)	(28,538)	(28,549)
Net (loss) income attributable to common shareholders	\$ (51,904)	\$ 116,858	\$ 73,937	\$ 506,421
Net (loss) income per common share:				
Basic	\$ (0.30)	\$ 0.74	\$ 0.44	\$ 3.20
Diluted	\$ (0.30)	\$ 0.72	\$ 0.44	\$ 3.08
Weighted average number of common shares and share equivalents outstanding:				
Basic	173,205	158,524	166,767	158,337
Diluted	173,205	163,299	167,941	168,736
FFO attributable to common shareholders plus assumed conversions	\$ 93,515	\$ 200,784	\$ 355,777	\$ 728,667
FFO per diluted share	\$ 0.54	\$ 1.19	\$ 2.12	\$ 4.32
Weighted average number of common shares and share equivalents outstanding used in determining FFO per diluted share	174,576	169,035	168,015	168,736

The following table reconciles our net (loss) income to FFO:

(Amounts in thousands)	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2009	2008	2009	2008
Net (loss) income attributable to Vornado	\$ (37,635)	\$ 131,132	\$ 102,475	\$ 534,970
Depreciation and amortization of real property	128,662	122,227	252,789	252,087
Net gains on sale of real estate	—	(56,831)	—	(57,411)
Proportionate share of adjustments to equity in net income of partially owned entities, excluding Toys, to arrive at FFO:				
Depreciation and amortization of real property	19,348	11,668	33,956	23,254
Net gains on sale of real estate	(500)	(1,772)	(673)	(7,194)
Proportionate share of adjustments equity in net income of Toys to arrive at FFO:				
Depreciation and amortization of real property	15,566	16,358	32,146	33,010
Net gains on sale of real estate	—	—	—	—
Income tax effect of above adjustments	(5,448)	(5,948)	(11,251)	(11,776)
Noncontrolling interests' share of above adjustments	(12,209)	(8,130)	(25,212)	(22,416)
FFO	107,784	208,704	384,230	744,524
Preferred share dividends	(14,269)	(14,274)	(28,538)	(28,549)
FFO attributable to common shareholders	93,515	194,430	355,692	715,975
Interest on 3.875% exchangeable senior debentures	—	6,306	—	12,592
Series A convertible preferred share dividends	—	48	85	100
FFO attributable to common shareholders plus assumed conversions	<u>\$ 93,515</u>	<u>\$ 200,784</u>	<u>\$ 355,777</u>	<u>\$ 728,667</u>

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 and FFO per diluted share are used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO and FFO per diluted share 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 and FFO per diluted share are 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 cost which implicitly assume 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. In addition to FFO, the Company also discloses FFO before certain items that affect comparability. Although this non-GAAP measure clearly differs from NAREIT's definition of FFO, the Company believes it provides a meaningful presentation of operating performance. A reconciliation of net income to FFO is provided above. In addition, a reconciliation of FFO to FFO before certain items that affect comparability is provided on page 1 and 2 of this press release.

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