

## Vornado Announces Fourth Quarter 2007 FFO of \$1.18 Per Share and Full Year FFO of \$5.89 Per Share

Company Release - 2/26/2008

PARAMUS, N.J.--(BUSINESS WIRE)--

VORNADO REALTY TRUST (New York Stock Exchange: VNO) today reported:

### Fourth Quarter 2007 Financial Results

NET INCOME applicable to common shares for the quarter ended December 31, 2007 was \$90.9 million, or \$0.57 per diluted share, versus \$105.4 million, or \$0.69 per diluted share, for the quarter ended December 31, 2006. Net income for the quarters ended December 31, 2007 and 2006 includes certain items that affect comparability which are listed in the table below. Net income for the quarter ended December 31, 2007 also includes net gains on sales of real estate of \$43.9 million. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the quarter ended December 31, 2007 by \$21.6 million, or \$0.13 per diluted share and increased net income applicable to common shares for the quarter ended December 31, 2006 by \$51.1 million, or \$0.32 per diluted share.

FUNDS FROM OPERATIONS applicable to common shares plus assumed conversions ("FFO") for the quarter ended December 31, 2007 was \$193.4 million, or \$1.18 per diluted share, compared to \$211.8 million, or \$1.34 per diluted share, for the quarter ended December 31, 2006. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended December 31, 2007 and 2006 was \$211.8 million and \$162.8 million, or \$1.29 and \$1.03 per share, respectively.

For the Quarter	
(Amounts in thousands, except per share amounts) Ended December 31,	
-----	-----
2007	2006
-----	-----

FFO applicable to common shares plus assumed conversions (1)	\$193,412	\$211,812
	=====	=====
Per Share	\$ 1.18	\$ 1.34
	=====	=====
Items that affect comparability expense (income):		
MPH mezzanine loan loss accrual	\$ 57,000	\$ --
Derivatives:		
McDonalds shares	(29,108)	(78,234)
Other	(7,425)	(9,386)
32.8% share of Alexander's		
Stock appreciation rights	(5,289)	30,687
Other:		
Costs of acquisitions not consummated	1,568	--
Net gain recognized upon merger of Newkirk Realty Trust and Lexington Realty Trust	--	(10,794)
Prepayment penalties and write-off of unamortized financing costs	--	8,513
H Street litigation costs	--	2,998
Other, net	3,418	2,000
	-----	-----
	20,164	(54,216)
Minority limited partners' share of above adjustments	(1,825)	5,202
	-----	-----
	\$ 18,339	\$(49,014)
	=====	=====
Per share	\$ 0.11	\$ (0.31)
	=====	=====
FFO as adjusted for comparability	\$211,751	\$162,798
	=====	=====
Per share	\$ 1.29	\$ 1.03
	=====	=====

(1) See page 4 for a reconciliation of net income to FFO for the quarters ended December 31, 2007 and 2006.

#### Year Ended December 31, 2007 Financial Results

NET INCOME applicable to common shares for the year ended December 31, 2007 was \$511.7 million, or \$3.23 per diluted share, versus \$502.6 million, or \$3.35 per diluted share, for the year ended December 31, 2006. Net income for the years ended December 31, 2007 and 2006 includes certain items that affect comparability which are listed in

the table below. Net income for the years ended December 31, 2007 and 2006 also includes our share of net gains on sales of real estate of \$76.3 million and \$46.9 million, respectively. The aggregate of these items, net of minority interest, increased net income applicable to common shares for the year ended December 31, 2007 by \$133.7 million, or \$0.81 per diluted share and increased net income applicable to common shares for the year ended December 31, 2006 by \$166.1 million, or \$1.07 per diluted share.

FFO for the year ended December 31, 2007 was \$966.6 million, or \$5.89 per diluted share, compared to \$858.7 million, or \$5.51 per diluted share, for the year ended December 31, 2006. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the year ended December 31, 2007 and 2006 was \$902.4 million and \$734.1 million, or \$5.50 and \$4.71 per share, respectively.

	For the Year	
(Amounts in thousands, except per share amounts)	Ended December 31,	
	----- 2007	2006 -----
FFO applicable to common shares plus assumed conversions (1)	\$ 966,638	\$ 858,693
	=====	=====
Per Share	\$ 5.89	\$ 5.51
	=====	=====
Items that affect comparability (income) expense:		
Derivatives and related marketable securities:		
McDonalds shares	\$(131,911)	\$(138,815)
Net gain on sale of Sears Canada	--	(55,438)
Sears Holdings shares	--	(18,611)
GMH Warrants	--	16,370
Other	(4,682)	(12,153)
MPH mezzanine loan loss accrual	57,000	--
32.8% share of Alexander's:		
Stock appreciation rights	(14,280)	49,043
Net gain on sale of 731 Lexington Avenue condominiums	--	(4,580)
Other:		
Costs of acquisition not consummated	10,375	
Prepayment penalties and write-off of unamortized financing costs	7,562	21,994
H Street litigation costs	1,891	9,592
Net gain recognized upon merger of Newkirk Realty Trust and Lexington Realty Trust	--	(10,362)
Other, net	3,496	5,126

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	(70,549)	(137,834)	
Minority limited partners' share of above adjustments	6,297	13,204	
	-----		
	\$ (64,252)	\$(124,630)	
	=====	=====	
Per share	\$ (0.39)	\$ (0.80)	
	=====	=====	
FFO as adjusted for comparability	\$ 902,386	\$ 734,063	
	=====	=====	
Per share	\$ 5.50	\$ 4.71	
	=====	=====	

(1) See page 4 for a reconciliation of net income to FFO for the year ended December 31, 2007 and 2006.

#### 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](http://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. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.

VORNADO REALTY TRUST  
OPERATING RESULTS FOR THE QUARTER AND YEAR ENDED  
DECEMBER 31, 2007 AND 2006

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	FOR THE QUARTER	FOR THE YEAR		
	ENDED DECEMBER 31	ENDED DECEMBER 31		
	-----	-----		
(Amounts in thousands, except per share amounts)	2007	2006	2007	2006
	-----	-----	-----	-----

Revenues	\$888,464	\$722,549	\$3,270,629	\$2,701,037
	=====	=====	=====	=====
Income from continuing operations	\$ 79,147	\$137,275	\$ 576,972	\$ 603,105
Income from discontinued operations	34,124	(270)	58,716	37,595
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Income before allocation to limited partners	113,271	137,005	635,688	640,700
Minority limited partners' interest in the Operating Partnership	(3,238)	(12,411)	(47,508)	(58,712)
Perpetual preferred unit distributions of the Operating Partnership	(4,819)	(4,818)	(19,274)	(21,848)
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Net income	105,214	119,776	568,906	560,140
Preferred share dividends	(14,291)	(14,349)	(57,177)	(57,511)
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Net income applicable to common shares	\$ 90,923	\$105,427	\$ 511,729	\$ 502,629
	=====	=====	=====	=====
Net income per common share:				
Basic	\$ 0.60	\$ 0.73	\$ 3.37	\$ 3.54
	=====	=====	=====	=====
Diluted	\$ 0.57	\$ 0.69	\$ 3.23	\$ 3.35
	=====	=====	=====	=====
Average number of common shares and share equivalents outstanding:				
Basic	152,573	144,319	151,949	142,145
	=====	=====	=====	=====
Diluted	158,302	152,338	158,558	150,411
	=====	=====	=====	=====
FFO applicable to common shares plus assumed conversions	\$193,412	\$211,812	\$ 966,638	\$ 858,693
	=====	=====	=====	=====
FFO per diluted share	\$ 1.18	\$ 1.34	\$ 5.89	\$ 5.51
	=====	=====	=====	=====
Average number of				

common shares and  
share equivalents  
outstanding used for  
determining FFO per  
diluted share      163,974   157,897   164,117   155,802  
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The following table reconciles net income to FFO:

	For The Quarter		For The Year	
(Amounts in thousands)	Ended December 31,		Ended December 31,	
	2007	2006	2007	2006
Net income	\$105,214	\$119,776	\$ 568,906	\$560,140
Depreciation and amortization of real property	125,989	90,896	451,313	337,730
Net gains on sale of real estate	(37,869)	--	(60,811)	(33,769)
Proportionate share of adjustments to equity in net income of Toys to arrive at FFO:				
Depreciation and amortization of real property	16,260	19,054	85,244	60,445
Net gains on sale of real estate	(2,519)	(2,178)	(3,012)	(2,178)
Income tax effect of above adjustments	(4,809)	(5,007)	(28,781)	(21,038)
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	12,679	11,029	48,770	45,184
Net gains on sale of real estate	(3,471)	(146)	(12,451)	(10,988)
Minority limited partners' share of above adjustments	(9,094)	(11,960)	(46,664)	(39,809)
FFO	202,380	221,464	1,002,514	895,717

Preferred share dividends	(14,291)	(14,349)	(57,177)	(57,511)
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FFO applicable to common shares	188,089	207,115	945,337	838,206
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Interest on 3.875% exchangeable senior debentures	5,256	4,575	21,024	19,856
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Series A convertible preferred share dividends	67	122	277	631
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FFO applicable to common shares plus assumed conversions	\$193,412	\$211,812	\$ 966,638	\$858,693
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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 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. 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.

Source: Vornado Realty Trust

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