

FOR IMMEDIATE RELEASE – August 5, 2008

**Vornado Announces Second Quarter 2008 FFO of \$1.27 per share.**

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

**Second Quarter 2008 Results**

NET INCOME applicable to common shares for the quarter ended June 30, 2008 was \$125.4 million, or \$0.79 per diluted share, versus \$151.6 million, or \$0.96 per diluted share, for the quarter ended June 30, 2007. Net income for the quarter ended June 30, 2008 includes \$56.8 million for our share of net gains on sale of real estate. Net income for the quarters ended June 30, 2008 and 2007 also include certain items that affect comparability which are listed in the table below. The aggregate of these items and net gains on sale of real estate, net of minority interest, increased net income applicable to common shares for the quarter ended June 30, 2008 by \$45.9 million, or \$0.29 per diluted share and increased net income applicable to common shares for the quarter ended June 30, 2007 by \$63.1 million, or \$0.38 per diluted share.

FUNDS FROM OPERATIONS applicable to common shares plus assumed conversions (“FFO”) for the quarter ended June 30, 2008 was \$208.3 million, or \$1.27 per diluted share, compared to \$281.7 million, or \$1.72 per diluted share, for the quarter ended June 30, 2007. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended June 30, 2008 and 2007 were \$212.5 million and \$211.3 million, or \$1.30 and \$1.29 per diluted share, respectively.

(Amounts in thousands, except per share amounts)

	For the Quarter Ended June 30,	
	2008	2007
FFO applicable to common shares plus assumed conversions (1)	\$ 208,260	\$ 281,741
Per Share	\$ 1.27	\$ 1.72
Items that affect comparability (income) expense:		
Partially owned entities – non-cash purchase price accounting adjustments:		
Toys “R” Us	\$ 14,900	\$ —
Beverly Connection	(4,100)	—
Derivative positions in marketable equity securities	3,468	(72,074)
Net gain on disposition of our 13.8% interest in GMH	(2,038)	—
Costs of acquisitions not consummated	726	—
Reversal of Alexander’s stock appreciation rights compensation expense	(7,157)	(1,222)
India Real Estate Ventures – organization costs	—	1,677
Other net	(1,154)	2,131
	4,645	(69,488)
Americold’s FFO – sold on March 31, 2008	—	(6,348)
GMH’s FFO	—	(1,714)
	4,645	(77,550)
Minority limited partners’ share of above adjustments	(418)	7,083
	\$ 4,227	\$ (70,467)
Per share	\$ 0.03	\$ (0.43)
FFO as adjusted for comparability	\$ 212,487	\$ 211,274
Per share	\$ 1.30	\$ 1.29

(1) See page 4 for a reconciliation of net income to FFO for the quarters ended June 30, 2008 and 2007.

## First Half 2008 Results

NET INCOME applicable to common shares for the six months ended June 30, 2008 was \$523.3 million, or \$3.26 per diluted share, versus \$304.3 million, or \$1.92 per diluted share, for the six months ended June 30, 2007. Net income for the six months ended June 30, 2008 includes \$62.8 million for our share of net gains on sale of real estate. Net income for the six months ended June 30, 2008 and 2007 also include certain items that affect comparability which are listed in the table below. The aggregate of these items and net gains on sale of real estate, net of minority interest, increased net income applicable to common shares for the six months ended June 30, 2008 by \$306.0 million, or \$1.87 per diluted share and increased net income applicable to common shares for the six months ended June 30, 2007 by \$59.7 million, or \$0.36 per diluted share.

FFO for the six months ended June 30, 2008 was \$743.5 million, or \$4.54 per diluted share, compared to \$551.9 million, or \$3.36 per diluted share, for the six months ended June 30, 2007. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the six months ended June 30, 2008 and 2007 were \$488.1 million and \$477.3 million, or \$2.98 and \$2.91 per diluted share, respectively.

(Amounts in thousands, except per share amounts)

	<b>For the Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
FFO applicable to common shares plus assumed conversions (1)	\$ 743,471	\$ 551,906
Per Share	\$ 4.54	\$ 3.36
<b>Items that affect comparability (income) expense:</b>		
Reversal of deferred income taxes initially recorded in connection with H Street acquisition	\$ (222,174)	\$ —
Net gain on sale of Americold	(112,690)	—
Write-off of pre-development costs	34,200	—
Derivative positions in marketable equity securities	21,830	(81,454)
<b>Partially owned entities – non-cash purchase price accounting adjustments:</b>		
Toys “R” Us	14,900	—
Beverly Connection	(4,100)	—
Reversal of MPH mezzanine loan loss accrual	(10,300)	—
Marketable equity security-impairment loss	9,073	—
Net gain on disposition of our 13.8% interest in GMH	(2,038)	—
Costs of acquisitions not consummated	3,009	8,807
Reversal of Alexander’s stock appreciation rights compensation expense	(6,952)	(5,916)
Prepayment penalties and write-off of unamortized financing costs	—	5,861
Other net	509	5,699
	(274,733)	(67,003)
Americold’s FFO – sold on March 31, 2008	(6,098)	(12,151)
GMH’s FFO	—	(3,033)
	(280,831)	(82,187)
Minority limited partners’ share of above adjustments	25,449	7,546
	\$ (255,382)	\$ (74,641)
Per share	\$ (1.56)	\$ (0.45)
FFO as adjusted for comparability	\$ 488,089	\$ 477,265
Per share	\$ 2.98	\$ 2.91

(1) See page 4 for a reconciliation of net income to FFO for the six months ended June 30, 2008 and 2007.

### 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. 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, 2007. 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, 2008 AND 2007**

	<u>FOR THE THREE MONTHS</u>		<u>FOR THE SIX MONTHS</u>	
	<u>ENDED JUNE, 30</u>		<u>ENDED JUNE, 30</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
(Amounts in thousands, except per share amounts)				
Revenues	\$ 674,365	\$ 583,220	\$ 1,323,647	\$ 1,116,272
Income from continuing operations	\$ 98,758	\$ 187,113	\$ 446,109	\$ 375,893
Income from discontinued operations net of minority interest	53,005	478	154,340	624
Income before allocation to limited partners	151,763	187,591	600,449	376,517
Minority limited partners' interest in the Operating Partnership	(7,285)	(16,852)	(38,955)	(34,029)
Perpetual preferred unit distributions of the Operating Partnership	(4,818)	(4,819)	(9,637)	(9,637)
Net income	139,660	165,920	551,857	332,851
Preferred share dividends	(14,274)	(14,295)	(28,549)	(28,591)
Net income applicable to common shares	\$ 125,386	\$ 151,625	\$ 523,308	\$ 304,260
Net income per common share:				
Basic	\$ 0.82	\$ 1.00	\$ 3.41	\$ 2.01
Diluted	\$ 0.79	\$ 0.96	\$ 3.26	\$ 1.92
Average number of common shares and share equivalents outstanding:				
Basic	153,675	151,794	153,488	151,612
Diluted	158,448	164,241	163,707	164,209
FFO applicable to common shares plus assumed conversions	\$ 208,260	\$ 281,741	\$ 743,471	\$ 551,906
FFO per diluted share	\$ 1.27	\$ 1.72	\$ 4.54	\$ 3.36
Average number of common shares and share equivalents outstanding used for determining FFO per diluted share	164,006	164,241	163,707	164,209

The following table reconciles net income to FFO:

(Amounts in thousands)	For The Three Months		For The Six Months	
	Ended June 30,		Ended June 30,	
	2008	2007	2008	2007
Net income	\$ 139,660	\$ 165,920	\$ 551,857	\$ 332,851
Depreciation and amortization of real property	122,227	114,511	252,087	208,176
Net gains on sale of real estate	(56,831)	—	(57,411)	—
Proportionate share of adjustments to equity in net income of Toys to arrive at FFO:				
Depreciation and amortization of real property	16,358	17,112	33,010	51,035
Net gain on sale of real estate	—	(493)	—	(493)
Income tax effect of above adjustments	(5,948)	(5,807)	(11,776)	(17,690)
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	11,668	13,403	23,254	22,464
Net gain on sale of real estate	(1,772)	—	(7,194)	—
Minority limited partners' share of above adjustments	(8,130)	(13,882)	(22,416)	(26,500)
FFO	217,232	290,764	761,411	569,843
Preferred share dividends	(14,274)	(14,295)	(28,549)	(28,591)
FFO applicable to common shares	202,958	276,469	732,862	541,252
Interest on 3.875% exchangeable senior debentures	5,254	5,203	10,509	10,512
Series A convertible preferred share dividends	48	69	100	142
FFO applicable to common shares plus assumed conversions	<u>\$ 208,260</u>	<u>\$ 281,741</u>	<u>\$ 743,471</u>	<u>\$ 551,906</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.

#####