

Vornado Announces First Quarter 2009 FFO of \$1.63 per share

Company Release - 5/5/2009

PARAMUS, N.J.--(BUSINESS WIRE)-- VORNADO REALTY TRUST (New York Stock Exchange: VNO) today reported:

First Quarter 2009 Financial Results

NET INCOME attributable to common shares for the quarter ended March 31, 2009 was \$125.8 million, or \$0.79 per diluted share, versus \$389.6 million, or \$2.38 per diluted share, for the quarter ended March 31, 2008. Net income for the quarter ended March 31, 2008 includes \$6.0 million of net gains on sales of real estate. In addition, net income for the quarters ended March 31, 2009 and 2008 also include certain items that affect comparability which are listed in the table below. The aggregate of the net gains on sale of real estate and the items in the table below, net of allocation to redeemable noncontrolling interests, decreased net income attributable to common shares for the quarter ended March 31, 2009 by \$15.7 million, or \$0.10 per diluted share and increased net income attributable to common shares for the quarter ended March 31, 2008 by \$258.3 million, or \$1.55 per diluted share.

FUNDS FROM OPERATIONS attributable to common shares plus assumed conversions ("FFO") for the quarter ended March 31, 2009 was \$268.6 million, or \$1.63 per diluted share, compared to \$527.9 million, or \$3.17 per diluted share, for the quarter ended March 31, 2008. Adjusting FFO for certain items that affect comparability, which are listed in the table below, FFO for the quarters ended March 31, 2009 and 2008 was \$284.6 million and \$268.5 million, or \$1.73 and \$1.61 per share, respectively.

	Quarter Ended March 31,	
(Amounts in thousands, except per share amounts)	2009	2008
FFO attributable to common shares plus assumed conversions (1)	\$ 268,582	\$ 527,880
Per Share	\$ 1.63	\$ 3.17

Items that affect comparability (income) expense:

Write-off of unamortized costs associated with voluntary surrenders of equity awards	\$ 32,588	\$ --
Alexander's stock appreciation rights	(11,105)	205
Net gain on extinguishment of debt	(5,905)	--
Reversal of deferred income taxes initially recorded in connection with H Street acquisition	--	(222,174)
Net gain on sale our 47.6% interest in Americold	--	(112,690)
Write-off of pre-development costs	--	34,200
Derivative positions in marketable equity securities	--	18,362
Reversal of MPH mezzanine loan loss accrual	--	(10,300)
Marketable equity security - impairment loss	--	9,073
Costs of acquisitions not consummated	--	2,283
Other, net	1,874	1,663
	17,452	(279,378)
47.6% share of Americold's FFO (Net loss of \$1,076) - sold on March 31, 2008	--	(6,098)
	17,452	(285,476)
Noncontrolling interests' share of above adjustments	(1,481)	26,097
	\$ 15,971	\$ (259,379)
Per share	\$ 0.10	\$ (1.56)
FFO as adjusted for comparability	\$ 284,553	\$ 268,501
Per share	\$ 1.73	\$ 1.61

(1) See page 3 for a reconciliation of net income to FFO for the quarters ended March 31, 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. 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 ENDED

MARCH 31, 2009 AND 2008

FOR THE QUARTER
ENDED MARCH, 31

(Amounts in thousands, except per share amounts) 2009 2008

Revenues	\$ 682,014	\$ 649,282
Income from continuing operations	\$ 156,431	\$ 337,667
Income from discontinued operations, net	--	112,081
Net income	156,431	449,748
Less: Net income attributable to noncontrolling interests, including unit distributions	16,321	45,910
Net income attributable to Vornado	140,110	403,838
Preferred share dividends	(14,269)	(14,275)

Net income attributable to common shares		\$ 125,841	\$ 389,563
Net income per common share:			
Basic	\$ 0.80	\$ 2.50	
Diluted	\$ 0.79	\$ 2.38	
Average number of common shares and share equivalents outstanding:			
Basic	158,173	156,093	
Diluted	159,281	166,260	
FFO attributable to common shares plus assumed conversions		\$ 268,582	\$ 527,880
FFO per diluted share	\$ 1.63	\$ 3.17	
Average number of common shares and share equivalents outstanding used for determining FFO per diluted share	164,950	166,260	

The following table reconciles our net income to FFO:

(Amounts in thousands)	For The Quarter Ended March 31,	
	2009	2008
Net income attributable to Vornado	\$ 140,110	\$ 403,838
Depreciation and amortization of real property	124,127	129,860
Net gains on sale of real estate	--	(580)
Proportionate share of adjustments to equity in net income of Toys to arrive at FFO:		
Depreciation and amortization of real property	16,580	16,652

Income tax effect of Toys adjustments included above	(5,803)	(5,828)
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	14,608	11,586
Net gain on sale of real estate	(173)	(5,422)
Noncontrolling interests' share of above adjustments	(13,003)	(14,286)
FFO	276,446	535,820
Preferred share dividends	(14,269)	(14,275)
FFO attributable to common shares	262,177	521,545
Interest on 3.875% exchangeable senior debentures	6,362	6,283
Convertible preferred dividends	43	52
FFO attributable to common shareholders plus assumed conversions	\$ 268,582	\$ 527,880

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 of this press release.

Source: Vornado Realty Trust

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