

## Vornado Announces Fourth Quarter 2009 Financial Results

Company Release - 2/23/2010

PARAMUS, N.J.--(BUSINESS WIRE)-- VORNADO REALTY TRUST (NYSE: VNO) today reported:

### Fourth Quarter 2009 Results

NET LOSS attributable to common shareholders for the quarter ended December 31, 2009 was \$151.2 million, or \$0.84 per diluted share, versus \$227.0 million, or \$1.47 per diluted share, for the quarter ended December 31, 2008. Net loss for the quarters ended December 31, 2009 and 2008 includes \$2.6 million and \$1.1 million, respectively, of net gains on sale of real estate. In addition, net loss for the quarters ended December 31, 2009 and 2008 includes 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 amounts attributable to noncontrolling interests, increased net loss attributable to common shareholders for the quarter ended December 31, 2009 and December 31, 2008 by \$184.3 million and \$251.8 million, or \$1.03 and \$1.63 per diluted share, respectively.

FUNDS FROM OPERATIONS attributable to common shareholders plus assumed conversions ("FFO") for the quarter ended December 31, 2009 was \$20 thousand, or \$0.00 per diluted share, compared to a negative FFO of \$88.2 million, or \$0.57 per diluted share, for the quarter ended December 31, 2008. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended December 31, 2009 and 2008 was \$189.5 million and \$165.4 million, or \$1.04 and \$1.07 per diluted share, respectively.

(Amounts in thousands)	For the Quarters Ended December 31,	
	2009	2008
FFO (Negative FFO) (1)	\$ 20	\$ (88,154 )
Per Share	\$ 0.00	\$ (0.57 )

Items that affect comparability (income) expense:

Non-cash asset write-downs:

Real estate - development related	\$ 80,834	\$ 71,793
Mezzanine loans loss accrual	68,000	--
Partially owned entities	17,820	162,544
Marketable securities	3,361	55,471
Other real estate assets	6,989	1,645
Net loss (gain) on early extinguishment of debt	52,911	(9,820 )
Income from terminated sale of land	(27,089 )	--
Our share of Alexander's reversal of stock appreciation rights compensation expense	--	(14,188 )
Derivative positions in marketable equity securities	--	7,928
Other, net	2,204	8,426
	205,030	283,799
Noncontrolling interests' share of above adjustments	(15,575 )	(30,293 )
Total items that affect comparability	\$ 189,455	\$ 253,506
Per Share	\$ 1.04	\$ 1.64
FFO as adjusted for comparability	\$ 189,475	\$ 165,352
Per Share	\$ 1.04	\$ 1.07

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(1) See page 4 for a reconciliation of our net income to FFO for the quarters ended December 31, 2009 and 2008.

## Year Ended December 31, 2009 Results

NET INCOME attributable to common shareholders for the year ended December 31, 2009 was \$49.1 million, or \$0.28 per diluted share, versus \$302.2 million, or \$1.91 per diluted share, for the year ended December 31, 2008. Net income for the years ended December 31, 2009 and 2008 includes \$46.6 million, and \$67.0 million, respectively, of net gains on sale of real estate. In addition, net income for the years ended December 31, 2009 and 2008 includes 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 amounts attributable to noncontrolling interests, decreased net income attributable to common shareholders for the year ended December 31, 2009 by \$241.6 million, or \$1.39 per diluted share and increased net income attributable to common shareholders for the year ended December 31, 2008 by \$17.6 million, or \$0.11 per diluted share.

FFO for the year ended December 31, 2009 was \$583.6 million, or \$3.36 per diluted share, compared to \$813.1 million, or \$4.97 per diluted share, for the year ended December 31, 2008. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the years ended December 31, 2009 and 2008 was \$868.1 million and \$849.3 million, or \$5.00 and \$5.19 per diluted share, respectively.

(Amounts in thousands)	For the Years Ended	
	December 31,	
	2009	2008
FFO (1)	\$ 583,596	\$ 813,064
Per Share	\$ 3.36	\$ 4.97
Items that affect comparability (income) expense:		
Non-cash asset write-downs:		
Mezzanine loans loss accrual (reversal)	\$ 190,738	\$ (10,300 )
Real estate - development related	80,834	76,793
Partially owned entities	36,941	203,919
Marketable securities	3,361	76,352
Other real estate assets	6,989	4,654
Write-off of unamortized costs from the voluntary	32,588	--

surrender of equity awards		
Net loss (gain) on early extinguishment of debt	25,915	(9,820 )
Income from forfeited deposit on land sale of H Street	(27,089 )	--
Our share of Toys "R" Us:		
Non-cash purchase accounting adjustments	(13,946 )	14,900
Litigation settlement income	(10,200 )	--
Our share of Alexander's:		
Income tax benefit	(13,668 )	--
Reversal of stock appreciation rights compensation expense	(11,105 )	(6,583 )
Downtown Crossing, Boston, lease termination payment	7,650	--
Reversal of deferred taxes initially recorded in connection with H Street acquisition	--	(222,174 )
Net gain on sale of our 47.6% interest in Americold Realty Trust	--	(112,690 )
Derivative positions in marketable equity securities	--	33,740
Americold's FFO - sold in march 2008	--	(6,098 )
Other, net	413	(2,924 )
	309,421	39,769
Noncontrolling interests' share of above adjustments	(24,882 )	(3,553 )
Total items that affect comparability	\$ 284,539	\$ 36,216
Per Share	\$ 1.64	\$ 0.22
FFO as adjusted for comparability	\$ 868,135	\$ 849,280
Per Share	\$ 5.00	\$ 5.19

(1) See page 4 for a reconciliation of our net income to FFO for the years ended December 31, 2009 and 2008.

#### Supplemental Financial Information

Further details regarding financial results, properties and tenants can be accessed at [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, 2009. 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 QUARTERS AND YEARS ENDED

DECEMBER 31, 2009 AND 2008

	For The Quarters Ended December 31,		For The Years Ended December 31,	
(Amounts in thousands, except per share amounts)	2009	2008	2009	2008
Revenues	\$ 719,003	\$ 695,153	\$ 2,742,578	\$ 2,692,686
(Loss) income from continuing operations	\$ (146,079 )	\$ (228,466 )	\$ 76,545	\$ 237,832
Income from				

discontinued operations	2,629	799	51,905	173,613
Net (loss) income	(143,450 )	(227,667 )	128,450	411,445
Net loss (income) attributable to noncontrolling interests, including unit distributions	6,527	14,987	(22,281 )	(52,148 )
Net (loss) income attributable to Vornado	(136,923 )	(212,680 )	106,169	359,297
Preferred share dividends	(14,269 )	(14,271 )	(57,076 )	(57,091 )
Net income (loss) attributable to common shareholders	\$ (151,192 )	\$ (226,951 )	\$ 49,093	\$ 302,206
Net (loss) income per common share:				
Basic	\$ (0.84 )	\$ (1.47 )	\$ 0.28	\$ 1.96
Diluted	\$ (0.84 )	\$ (1.47 )	\$ 0.28	\$ 1.91
Weighted average number of common shares and share equivalents outstanding:				
Basic	179,832	154,590	171,595	153,900
Diluted	179,832	154,590	173,503	158,119
FFO (Negative FFO) attributable to common shareholders plus assumed conversions	\$ 20	\$ (88,154 )	\$ 583,596	\$ 813,064
FFO (Negative FFO) per diluted share	\$ 0.00	\$ (0.57 )	\$ 3.36	\$ 4.97
Weighted average				

number of common shares and share equivalents 182,459 154,590 173,578 163,759 outstanding used in determining FFO per diluted share

The following table reconciles our net income to FFO:

	For The Quarters Ended December 31,		For The Years Ended December 31,	
(Amounts in thousands)	2009	2008	2009	2008
Net (loss) income attributable to Vornado	\$ (136,923 )	\$ (212,680 )	\$ 106,169	\$ 359,297
Depreciation and amortization of real property	133,023	129,305	508,572	509,367
Net gains on sale of real estate	(2,629 )	--	(45,282 )	(57,523 )
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	22,692	13,735	75,200	49,513
Net gains on sale of real estate	(3 )	(528 )	(1,188 )	(8,759 )
Proportionate share of adjustments equity in net income of Toys to arrive at FFO:				

Depreciation and amortization of real property	15,527	15,533	65,358	66,435
Net gains on sale of real estate	--	(555 )	(164 )	(719 )
Income tax effect of above adjustments	(5,435 )	(5,242 )	(22,819 )	(23,223 )
Noncontrolling interests' share of above adjustments	(11,963 )	(13,451 )	(45,344 )	(49,683 )
FFO (Negative FFO)	14,289	(73,883 )	640,502	844,705
Preferred share dividends	(14,269 )	(14,271 )	(57,076 )	(57,091 )
FFO (Negative FFO) attributable to common shareholders	20	(88,154 )	583,426	787,614
Interest on 3.875% exchangeable senior debentures	--	--	--	25,261
Convertible preferred share dividends	--	--	170	189
FFO (Negative FFO) attributable to common shareholders plus assumed conversions	\$ 20	\$ (88,154 )	\$ 583,596	\$ 813,064

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 GAAP net income or loss adjusted to exclude net gains from sales of depreciated real estate assets and GAAP extraordinary items, and to include depreciation and amortization expense from real estate assets and other specified non-cash items, including the pro rata share of such adjustments of unconsolidated subsidiaries. FFO and FFO per diluted share are used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers because it excludes the effect of real estate depreciation and amortization and net gains on sales, which



are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. FFO does not represent cash generated from operating activities and is not necessarily indicative of cash available to fund cash requirements and should not be considered as an alternative to net income as a performance measure or cash flows as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. A reconciliation of our net income to FFO is provided above. In addition to FFO, we also disclose FFO before certain items that affect comparability. Although this non-GAAP measure clearly differs from NAREIT's definition of FFO, we believe it provides a meaningful presentation of operating performance. A reconciliation of FFO to FFO as adjusted for comparability is provided on pages 1 and 2 of this press release.

Source: Vornado Realty Trust

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