

## PRESS RELEASE

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### Vornado's operating results for the year ended December 31, 2002.

PARAMUS, NEW JERSEY.....VORNADO REALTY TRUST (NYSE:VNO) today reported:

#### Year Ended December 31, 2002 Results

Funds from operations for the year ended December 31, 2002 was \$407.2 million, or \$3.62 per diluted share, compared to \$377.7 million, or \$3.79 per diluted share, for the year ended December 31, 2001.

Adjusting funds from operations for certain items which affect comparability, year ended 2002 funds from operations is 1.5% higher than the year ended 2001 on a per share basis, as detailed below:

(amounts in thousands, except per share amounts)	FOR THE YEAR ENDED			
	December 31, 2002		December 31, 2001	
	Amount	Per Share	Amount	Per Share
Funds from operations.....	\$407,173	\$ 3.62	\$377,693	\$ 3.79
Adjustments:				
Primestone foreclosure and impairment losses.....	35,757		--	
Amortization of officer's employment arrangement ...	27,500		--	
Gain on sale of marketable securities.....	(12,346)		--	
Gain on sale of residential condominiums.....	(2,156)		(15,657)	
Gain on transfer of mortgages.....	(2,096)		--	
Gain on sale of air rights.....	(1,688)		--	
Write-off of investments in technology companies....	--		16,513	
Write-off of net investment in Russian Tea Room.....	--		7,374	
Write-off of 20 Times Square pre-development costs (2002) and World Trade Center acquisition costs (2001).....	6,874		5,223	
Donations to Twin Towers and NYC Fireman's Funds...	--		1,250	
Minority interest.....	(10,629)		(1,800)	
Total adjustments.....	41,216	.36	12,903	.13
Funds from operations, as adjusted.....	\$448,389	\$ 3.98	\$390,596	\$ 3.92

Net income applicable to common shares for the year ended December 31, 2002 was \$209.7 million, or \$1.91 per diluted share, versus \$227.2 million, or \$2.47 per diluted share, for the prior year's period.

Net income for the year ended December 31, 2002 includes the net charges of \$41.2 million in the above table, the Company's \$3.4 million share of Alexander's net gain on sale of real estate and income of \$12.6 million for amortization of acquired below market leases net of above market leases. These items, net of minority interest, reduced net income by \$28.3 million, or \$.26 per diluted share.

Net income for the year ended December 31, 2001 includes the net charges of \$12.9 million in the above table and the following items: (i) gains on the sale of real estate of \$15.5 million, (ii) the Company's \$6.3 million share of Alexander's net gain on sale of real estate, (iii) the Company's \$1.2 million share of Alexander's gain on early extinguishment of debt and (iv) a charge of \$4.1 million resulting from the cumulative effect of the application of SFAS 133, 'Accounting for Derivative Instruments and Hedging Activities'. These items, net of minority interest, increased net income by \$3.3 million, or \$.04 per diluted share. Funds from operations does not include these items.

#### Fourth Quarter-2002 Results

Funds from operations for the quarter ended December 31, 2002 was \$89.1 million, or \$.79 per diluted share, compared to \$106.1 million, or \$1.01 per diluted share, for the quarter ended December 31, 2001.

Adjusting funds from operations for certain items which affect comparability, the quarter ended December 31, 2002 funds from operations is 2.0% higher than the quarter ended December 31, 2001 on a per share basis, as detailed below:

(amounts in thousands, except per share amounts)	FOR THE THREE MONTHS ENDED			
	December 31, 2002		December 31, 2001	
	Amount	Per Share	Amount	Per Share
Funds from operations.....	\$ 89,144	\$ .79	\$106,078	\$ 1.01
Adjustments:				
Primestone impairment loss.....	15,857		--	
Amortization of an officer's employment arrangement..	6,875		--	
Write-off of 20 Times Square pre-development costs..	6,874		--	
Write-off of investments in technology companies.....	--		(1,931)	
After-tax net gain on sale of Park Laurel condominium units.....	--		(1,788)	
Minority interest.....	(5,953)		436	
Total adjustments.....	23,653	.21	(3,283)	(.03)
Funds from operations, as adjusted.....	\$112,797	\$ 1.00	\$102,795	\$ .98

Net income applicable to common shares for the quarter ended December 31, 2002 was \$39.4 million, or \$.36 per diluted share, versus \$55.6 million, or \$.57 per diluted share, for the quarter ended December 31, 2001.

Net income for the quarter ended December 31, 2002 includes the net charges of \$23.7 million in the table above and income of \$3.1 million for amortization of acquired below market leases net of above market leases. These items net of minority interest reduced net income by \$20.9 million, or \$.19 per diluted share.

Net income for the quarter ended December 31, 2001, includes the net gains of \$3.3 million in the table above. These items, net of minority interest increased net income by \$2.9 million, or \$.03 per diluted share.

#### Supplemental Financial Information

Further details regarding the Company's results of operations, properties and tenants can be accessed at the Company's website at 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. For additional information concerning these and other factors, see 'Certain Factors That May Adversely Affect the Company's Business and Operations' described in Item 1. of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

#### VORNADO REALTY TRUST OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2002

(amounts in thousands, except per share amounts)	FOR THE YEAR ENDED	
	December 31, 2002	December 31, 2001
Revenues.....	\$ 1,435,070	\$ 985,773
Income before gains on sale of real estate and cumulative effect of change in accounting principle....	\$ 263,032	\$ 252,353
Cumulative effect of change in accounting principle.....	(30,129)	(4,110)
Gains on sale of real estate.....	--	15,495
Net income.....	232,903	263,738
Preferred stock dividends.....	(23,167)	(36,505)
Net income applicable to common shares.....	\$ 209,736	\$ 227,233
Funds from operations.....	\$ 407,173	\$ 377,693 <sup>(1)</sup>
Per Common Share:		

Net income:		
Basic .....	\$ 1.98	\$ 2.55
Diluted.....	\$ 1.91	\$ 2.47
Average number of common shares and share equivalents outstanding .....	109,669,000	92,073,000
Funds from operations.....	\$ 3.62	\$ 3.79
Average number of common shares and share equivalents outstanding used for determining funds from operations per share.....	112,600,000	99,719,000

FOR THE THREE MONTHS ENDED

(amounts in thousands, except per share amounts)	December 31, 2002	December 31, 2001
Revenues .....	\$ 366,831	\$ 246,823
Income before gains on sale of real estate and cumulative effect of change in accounting principle ....	\$ 44,879	\$ 64,337
Cumulative effect of change in accounting principle .....	--	--
Gains on sale of real estate .....	--	--
Net income .....	44,879	64,337
Preferred stock dividends.....	(5,445)	(8,736)
Net income applicable to common shares .....	\$ 39,434	\$ 55,601
Funds from operations.....	\$ 89,144	\$ 106,078
Per Common Share:		
Net income:		
Basic .....	\$ .37	\$ .59
Diluted.....	\$ .36	\$ .57
Average number of common shares and share equivalents outstanding .....	110,710,000	97,169,000
Funds from operations.....	\$ .79	\$ 1.01
Average number of common shares and share equivalents outstanding used for determining funds from operations per share.....	112,796,000	104,815,000

(1) Funds from operations as previously reported for the year ended December 31, 2001 have been revised to include income from the early extinguishment of debt of \$1,170 because such items are no longer treated as extraordinary items in accordance with Generally Accepted Accounting Principles.

The following table reconciles funds from operations and net income:

(amounts in thousands, except per share amounts)	For the Year Ended December 31,		For the Three Months Ended December 31,	
	2002	2001	2002	2001
Net income applicable to common shares .....	\$ 209,736	\$ 227,233	\$ 39,434	\$ 55,601
Cumulative effect of a change in accounting principle ....	30,129	4,110	--	--
Depreciation and amortization of real property.....	195,808	119,568	51,384	31,145
Straight-lining of property rentals for rent escalations.....	(27,295)	(24,314)	(2,194)	(3,288)
Amortization of below market leases, net .....	(12,634)	--	(3,118)	--
Leasing fees received in excess of income recognized .....	1,318	1,954	155	2,326
Appreciation of securities held in officer's deferred compensation trust .....	--	3,023	--	1,747
Net gain on sale of 570 Lexington Avenue – through a partially-owned entity.....	--	(12,445)	--	--
Net gain from condemnation proceeding.....	--	(3,050)	--	--
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at funds from operations:				
Depreciation and amortization of real property .....	61,001	66,600	12,067	17,367

Depreciation and amortization of real property.....	31,001	65,366	13,337	17,367
Net gain on sales of real estate .....	(3,431)	(6,298)	--	--
Other.....	835	(371)	(1,715)	921
Minority interest in excess of preferential distributions .....	<u>(45,324)</u>	<u>(16,810)</u>	<u>(9,937)</u>	<u>(4,225)</u>
	401,023	358,188	87,966	101,594
Series A preferred shares.....	<u>6,150</u>	<u>19,505</u>	<u>1,178</u>	<u>4,484</u>
Funds from operations—diluted.....	<u>\$ 407,173</u>	<u>\$ 377,693</u>	<u>\$ 89,144</u>	<u>\$106,078</u>
Shares used for determining diluted funds from operations per share.....	<u>112,600</u>	<u>99,719</u>	<u>112,796</u>	<u>104,815</u>

'Funds from operations does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America and is not necessarily indicative of cash available to fund cash needs which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of funds from operations. Funds from operations 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. Management considers funds from operations a supplemental measure of operating performance and along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. Funds from operations may not be comparable to similarly titled measures reported by other REITs since a number of REITs, including the Company, calculate funds from operations in a manner different from that used by NAREIT. Funds from operations, as defined by NAREIT, represents net income applicable to common shares before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above has been modified from this definition to adjust primarily for the effect of straight-lining of property rentals for rent escalations and leasing fee income and to exclude income arising from the amortization of acquired below market leases, net of above market leases.