UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: **September 30, 2011**

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: ______ **to** ______

Commission File Number: **001-11954**

VORNADO REALTY TRUST

(Exact name of registrant as specified in its charter)

Maryland	**22-1657560**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
888 Seventh Avenue, New York, New York	**10019**
(Address of principal executive offices)	(Zip Code)

(212) 894-7000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

☒ Large Accelerated Filer	☐ Accelerated Filer
☐ Non-Accelerated Filer (Do not check if smaller reporting company)	☐ Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of September 30, 2011, 184,496,038 of the registrant's common shares of beneficial interest are outstanding.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

VORNADO REALTY TRUST
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Amounts in thousands, except share and per share amounts) **ASSETS**	**September 30, 2011**	**December 31, 2010**
Real estate, at cost:		
Land	$ 4,524,930	$ 4,535,042
Buildings and improvements	12,573,880	12,510,244
Development costs and construction in progress	225,098	217,505
Leasehold improvements and equipment	127,294	124,910
Total	17,451,202	17,387,701
Less accumulated depreciation and amortization	(2,975,075)	(2,715,046)
Real estate, net	14,476,127	14,672,655
Cash and cash equivalents	585,183	690,789
Restricted cash	124,984	200,822
Marketable securities	631,361	766,116
Accounts receivable, net of allowance for doubtful accounts of $76,935 and $62,979	145,854	157,146
Investments in partially owned entities	1,157,326	927,672
Investment in Toys "R" Us	546,258	447,334
Real Estate Fund investments	261,417	144,423
Mezzanine loans receivable, net	156,365	202,412
Receivable arising from the straight-lining of rents, net of allowance of $8,973 and $7,316	724,483	695,486
Deferred leasing and financing costs, net of accumulated amortization of $236,859 and $219,965	360,056	354,864
Identified intangible assets, net of accumulated amortization of $356,118 and $335,113	334,878	346,157
Assets related to discontinued operations	253,352	519,285
Due from officers	13,185	13,187
Other assets	417,399	379,123
	$ 20,188,228	$ 20,517,471
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Notes and mortgages payable	$ 8,462,191	$ 8,255,101
Senior unsecured notes	959,421	1,082,928
Exchangeable senior debentures	496,139	491,000
Convertible senior debentures	188,799	186,413
Revolving credit facility debt	300,000	874,000
Accounts payable and accrued expenses	469,024	438,479
Deferred credit	532,221	575,836
Deferred compensation plan	94,623	91,549
Deferred tax liabilities	13,814	13,278
Liabilities related to discontinued operations	8,954	267,652
Other liabilities	139,353	82,856
Total liabilities	11,664,539	12,359,092
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 12,526,395 and 12,804,202 units outstanding	934,720	1,066,974
Series D cumulative redeemable preferred units - 9,000,001 and 10,400,001 units outstanding	226,000	261,000
Total redeemable noncontrolling interests	1,160,720	1,327,974
Vornado shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 42,186,709 and 32,340,009 shares	1,021,855	783,088
Common shares of beneficial interest: $.04 par value per share; authorized 250,000,000 shares; issued and outstanding 184,496,038 and 183,661,875 shares	7,350	7,317
Additional capital	7,112,004	6,932,728
Earnings less than distributions	(1,330,405)	(1,480,876)
Accumulated other comprehensive (loss) income	(59,019)	73,453
Total Vornado shareholders' equity	6,751,785	6,315,710
Noncontrolling interests in consolidated subsidiaries	611,184	514,695
Total equity	7,362,969	6,830,405
	$ 20,188,228	$ 20,517,471

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share amounts)	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
REVENUES:				
Property rentals	$ 561,149	$ 559,518	$ 1,688,551	$ 1,661,967
Tenant expense reimbursements	94,053	95,341	264,857	271,040
Cleveland Medical Mart development project	35,135	-	108,203	-
Fee and other income	37,006	32,266	112,239	104,838
Total revenues	727,343	687,125	2,173,850	2,037,845
EXPENSES:				
Operating	285,659	275,077	841,266	802,927
Depreciation and amortization	134,074	130,599	393,846	393,259
General and administrative	46,452	55,200	155,566	153,231
Cleveland Medical Mart development project	33,419	-	101,637	-
Tenant buy-outs and other acquisition related costs	2,288	921	22,455	2,851
Total expenses	501,892	461,797	1,514,770	1,352,268
Operating income	225,451	225,328	659,080	685,577
(Loss) income applicable to Toys "R" Us	(9,304)	(2,557)	80,794	102,309
Income (loss) from partially owned entities	13,552	(1,996)	56,239	13,800
Income (loss) from Real Estate Fund (of which $3,675 and ($1,091) is attributable to noncontrolling interests, in each three-month period, respectively, and $15,703 and ($1,091) in each nine-month period, respectively)	5,353	(1,410)	25,491	(1,410)
Interest and other investment (loss) income, net	(29,994)	47,096	95,121	65,676
Interest and debt expense (including amortization of deferred financing costs of $4,828 and $5,170 in each three-month period, respectively, and $14,696 and $14,085 in each nine-month period, respectively)	(136,672)	(145,561)	(408,532)	(423,354)
Net (loss) on extinguishment of debt	-	(724)	-	(1,796)
Net gain on disposition of wholly owned and partially owned assets	1,298	5,072	7,975	12,759
Income before income taxes	69,684	125,248	516,168	453,561
Income tax expense	(7,144)	(5,449)	(19,448)	(15,993)
Income from continuing operations	62,540	119,799	496,720	437,568
Income (loss) from discontinued operations	3,683	(3,667)	146,293	(11,681)
Net income	66,223	116,132	643,013	425,887
Less:				
Net income attributable to noncontrolling interests in consolidated subsidiaries	(5,636)	(296)	(20,643)	(1,490)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(6,825)	(11,584)	(47,364)	(33,487)
Net income attributable to Vornado	53,762	104,252	575,006	390,910
Preferred share dividends	(17,627)	(13,442)	(47,743)	(41,975)
Discount on preferred share and unit redemptions	5,000	4,382	5,000	4,382
NET INCOME attributable to common shareholders	$ 41,135	$ 95,192	$ 532,263	$ 353,317
INCOME PER COMMON SHARE - BASIC:				
Income from continuing operations, net	$ 0.20	$ 0.54	$ 2.14	$ 2.00
Income (loss) from discontinued operations, net	0.02	(0.02)	0.75	(0.06)
Net income per common share	$ 0.22	$ 0.52	$ 2.89	$ 1.94
Weighted average shares	184,398	182,462	184,220	182,014
INCOME PER COMMON SHARE - DILUTED:				
Income from continuing operations, net	$ 0.20	$ 0.54	$ 2.12	$ 1.98
Income (loss) from discontinued operations, net	0.02	(0.02)	0.74	(0.06)
Net income per common share	$ 0.22	$ 0.52	$ 2.86	$ 1.92
Weighted average shares	186,065	184,168	186,039	183,826
DIVIDENDS PER COMMON SHARE	$ 0.69	$ 0.65	$ 2.07	$ 1.95

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Net income	$ 66,223	$ 116,132	$ 643,013	$ 425,887
Other comprehensive (loss) income:				
Change in unrealized net (loss) gain on securities available-for-sale	(161,178)	8,966	(120,334)	34,497
Pro rata share of other comprehensive income (loss) of nonconsolidated subsidiaries	112	3,885	26,477	(12,080)
Change in value of interest rate swap	(24,424)	-	(42,458)	-
Other	(69)	(5,176)	(5,114)	(5,594)
Comprehensive (loss) income	(119,336)	123,807	501,584	442,710
Less:				
Comprehensive income attributable to noncontrolling interests	(400)	(12,414)	(59,050)	(36,148)
Comprehensive (loss) income attributable to Vornado	$ (119,736)	$ 111,393	$ 442,534	$ 406,562

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(Amounts in thousands)	Preferred Shares		Common Shares		Additional	Earnings Less Than	Accumulated Other Comprehensive	Non-controlling	Total
	Shares	Amount	Shares	Amount	Capital	Distributions	Income (Loss)	Interests	Equity
Balance, December 31, 2009	33,952	$ 823,686	181,214	$ 7,218	$ 6,961,007	$ (1,577,591)	$ 28,449	$ 406,637	$ 6,649,406
Net income	-	-	-	-	-	390,910	-	1,490	392,400
Dividends on common shares	-	-	-	-	-	(354,937)	-	-	(354,937)
Dividends on preferred shares	-	-	-	-	-	(42,100)	-	-	(42,100)
Redemption of preferred shares	(1,600)	(39,982)	-	-	-	4,382	-	-	(35,600)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	822	33	62,573	-	-	-	62,606
Under employees' share option plan	-	-	596	24	10,922	(25,583)	-	-	(14,637)
Under dividend reinvestment plan	-	-	17	1	1,231	-	-	-	1,232
Contributions:									
Real Estate Fund	-	-	-	-	-	-	-	37,698	37,698
Other	-	-	-	-	-	-	-	188	188
Conversion of Series A preferred shares to common shares	(3)	(177)	5	-	177	-	-	-	-
Deferred compensation shares and options	-	-	17	1	6,155	-	-	-	6,156
Change in unrealized net gain on securities available-for-sale	-	-	-	-	-	-	34,497	-	34,497
Pro rata share of other comprehensive (loss) of nonconsolidated subsidiaries	-	-	-	-	-	-	(12,080)	-	(12,080)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	(232,099)	-	-	-	(232,099)
Other	-	-	-	-	(61)	30	(5,594)	670	(4,955)
Balance, September 30, 2010	32,349	$ 783,527	182,671	$ 7,277	$ 6,809,905	$ (1,604,889)	$ 45,272	$ 446,683	$ 6,487,775

(Amounts in thousands)	Preferred Shares		Common Shares		Additional	Earnings Less Than	Accumulated Other Comprehensive	Non-controlling	Total
	Shares	Amount	Shares	Amount	Capital	Distributions	Income (Loss)	Interests	Equity
Balance, December 31, 2010	32,340	$ 783,088	183,662	$ 7,317	$ 6,932,728	$ (1,480,876)	$ 73,453	$ 514,695	$ 6,830,405
Net income	-	-	-	-	-	575,006	-	20,643	595,649
Dividends on common shares	-	-	-	-	-	(381,382)	-	-	(381,382)
Dividends on preferred shares	-	-	-	-	-	(47,905)	-	-	(47,905)
Issuance of Series J preferred shares	9,850	239,037	-	-	-	-	-	-	239,037
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	435	17	38,203	-	-	-	38,220
Under employees' share option plan	-	-	369	15	21,603	(397)	-	-	21,221
Under dividend reinvestment plan	-	-	15	1	1,329	-	-	-	1,330
Contributions:									
Real Estate Fund	-	-	-	-	-	-	-	109,241	109,241
Other	-	-	-	-	-	-	-	364	364
Distributions:									
Real Estate Fund	-	-	-	-	-	-	-	(22,713)	(22,713)
Other	-	-	-	-	-	-	-	(15,604)	(15,604)
Conversion of Series A preferred shares to common shares	(3)	(165)	5	-	165	-	-	-	-
Deferred compensation shares and options	-	-	10	-	7,866	-	-	-	7,866
Change in unrealized net loss on securities available-for-sale	-	-	-	-	-	-	(120,334)	-	(120,334)
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	-	-	-	-	-	-	26,477	-	26,477
Change in value of interest rate swap	-	-	-	-	-	-	(42,458)	-	(42,458)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	114,628	-	-	-	114,628
Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	8,957	-	8,957
Other	-	(105)	-	-	(4,518)	5,149	(5,114)	4,558	(30)
Balance, September 30, 2011	42,187	$ 1,021,855	184,496	$ 7,350	$ 7,112,004	$ (1,330,405)	$ (59,019)	$ 611,184	$ 7,362,969

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended September 30,	
	2011	**2010**
(Amounts in thousands)		
Cash Flows from Operating Activities:		
Net income	$ 643,013	$ 425,887
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	414,992	419,638
Equity in net income of partially owned entities, including Toys "R" Us	(137,033)	(116,109)
Net (gain) loss on extinguishment of debt	(83,907)	1,796
Mezzanine loans loss (reversal) accrual and net gain on disposition	(82,744)	6,900
Distributions of income from partially owned entities	75,612	36,829
Net gain on sales of real estate	(51,623)	-
Amortization of below-market leases, net	(49,988)	(49,144)
Straight-lining of rental income	(38,262)	(55,581)
Loss (income) from the mark-to-market of J.C. Penney derivative position	27,136	(32,249)
Other non-cash adjustments	20,261	36,058
Unrealized gain on Real Estate Fund assets	(19,209)	-
Net gain on disposition of wholly owned and partially owned assets	(7,975)	(12,759)
Litigation loss accrual and impairment losses	-	15,197
Changes in operating assets and liabilities:		
Real Estate Fund investments	(97,785)	(62,500)
Accounts receivable, net	11,292	(6,468)
Prepaid assets	(68,558)	(45,104)
Other assets	(43,413)	(59,614)
Accounts payable and accrued expenses	32,227	78,153
Other liabilities	22,635	13,791
Net cash provided by operating activities	566,671	594,721
Cash Flows from Investing Activities:		
Investments in partially owned entities	(440,865)	(159,053)
Distributions of capital from partially owned entities	274,283	45,613
Proceeds from sales of real estate and related investments	135,762	48,998
Restricted cash	121,463	125,204
Additions to real estate	(109,963)	(98,789)
Proceeds from sales and repayments of mezzanine loans	100,525	109,594
Development costs and construction in progress	(52,816)	(86,871)
Investments in mezzanine loans receivable and other	(44,215)	(75,697)
Funding of collateral for J.C. Penney derivative	(33,850)	-
Return of derivative collateral	28,700	-
Proceeds from sales of marketable securities	19,301	126,015
Proceeds from maturing short-term investments	-	40,000
Purchases of marketable securities	-	(13,917)
Acquisitions of real estate and other	-	(10,000)
Net cash (used in) provided by investing activities	(1,675)	51,097

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(UNAUDITED)

	For the Nine Months Ended September 30,	
(Amounts in thousands)	2011	2010
Cash Flows from Financing Activities:		
Repayments of borrowings	$ (2,666,610)	$ (1,462,652)
Proceeds from borrowings	2,184,167	1,603,359
Dividends paid on common shares	(381,382)	(354,937)
Proceeds from the issuance of Series J preferred shares	239,037	-
Contributions from noncontrolling interests	109,605	39,351
Distributions to noncontrolling interests	(77,330)	(41,055)
Dividends paid on preferred shares	(43,675)	(42,100)
Debt issuance and other costs	(28,614)	(14,942)
Purchases of outstanding preferred units and shares	(28,000)	(48,600)
Proceeds received from exercise of employee share options	22,947	12,192
Repurchase of shares related to stock compensation agreements and related tax withholdings	(747)	(25,659)
Net cash used in financing activities	(670,602)	(335,043)
Net (decrease) increase in cash and cash equivalents	(105,606)	310,775
Cash and cash equivalents at beginning of period	690,789	535,479
Cash and cash equivalents at end of period	$ 585,183	$ 846,254
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest (including capitalized interest of $0 and $875)	$ 388,938	$ 409,953
Cash payments for income taxes	$ 10,299	$ 5,348
Non-Cash Investing and Financing Activities:		
Change in unrealized net (loss) gain on securities available-for-sale	$ (120,334)	$ 34,497
Adjustments to carry redeemable Class A units at redemption value	114,628	(232,099)
Common shares issued upon redemption of Class A units, at redemption value	38,220	62,606
Contribution of mezzanine loan receivable to a joint venture	73,750	-
Like-kind exchange of real estate	(45,625)	-
Extinguishment of a liability in connection with the acquisition of real estate	-	20,500
Investment in J.C. Penney, Inc.	-	271,372
Decrease in assets and liabilities resulting from deconsolidation of discontinued operations:		
Assets related to discontinued operations	(145,333)	-
Liabilities related to discontinued operations	(232,502)	-
Write-off of fully depreciated assets	(58,279)	(50,785)

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization

Vornado Realty Trust ("Vornado") is a fully-integrated real estate investment trust ("REIT") and conducts its business through, and substantially all of its interests in properties are held by, Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). Accordingly, Vornado's cash flow and ability to pay dividends to its shareholders is dependent upon the cash flow of the Operating Partnership and the ability of its direct and indirect subsidiaries to first satisfy their obligations to creditors. Vornado is the sole general partner of, and owned approximately 93.3% of the common limited partnership interest in the Operating Partnership at September 30, 2011. All references to "we," "us," "our," the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

2. Basis of Presentation

The accompanying consolidated financial statements are unaudited and include the accounts of Vornado, and the Operating Partnership and its consolidated partially owned entities. All intercompany amounts have been eliminated. In our opinion, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. These condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission (the "SEC") and should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2010, as filed with the SEC.

We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the operating results for the full year.

3. Recently Issued Accounting Literature

In June 2011, the Financial Accounting Standards Board ("FASB") issued an update to Accounting Standards Codification ("ASC") 220, *Comprehensive Income*, which requires, among other things, presentation of the components of net income and other comprehensive income in one continuous statement or in two separate but consecutive statements. This update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. We believe that the adoption of this guidance on January 1, 2012 will not have a material effect on our consolidated financial statements.

4. Vornado Capital Partners, L.P. and Vornado Capital Partners Parallel, L.P. (the "Fund")

We are the general partner and investment manager of an $800,000,000 real estate investment Fund, to which we have committed $200,000,000. The Fund has a term of eight years and is our exclusive investment vehicle during its three-year investment period, which concludes in July 2013, for all investments that fit within the Fund's investment parameters, as defined. The Fund is accounted for under the AICPA Audit and Accounting Guide for Investment Companies and its investments are reported on its balance sheet at fair value, with changes in value each period recognized in earnings. We consolidate the accounts of the Fund into our consolidated financial statements.

From inception through September 30, 2011, the Fund received aggregate capital contributions from partners of $256,100,000, including $64,031,000 from us, and as of September 30, 2011, has five investments with an aggregate fair value of approximately $261,417,000. Below is a summary of income (loss) from the Fund for the three and nine months ended September 30, 2011 and 2010.

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating (loss) income	$ (286)	$ (1,410)	$ 3,197	$ (1,410)
Net realized gains	-	-	3,085	-
Net unrealized gains	5,639	-	19,209	-
Income (loss) from Real Estate Fund	5,353	(1,410)	25,491	(1,410)
Less:				
(Income) loss attributable to noncontrolling interests	(3,675)	1,091	(15,703)	1,091
Income (loss) from Real Estate Fund attributable to Vornado (1)	$ 1,678	$ (319)	$ 9,788	$ (319)

(1) Excludes $378 and $1,803 of management, leasing and development fees in the three and nine months ended September 30, 2011, respectively, which are included as a component of "fee and other income" on our consolidated statements of income.

One Park Avenue

On March 1, 2011, we as a co-investor, together with the Fund, acquired a 95% interest in One Park Avenue, a 932,000 square foot office building located between 32nd and 33rd Streets in New York, for $374,000,000. The purchase price consisted of $137,000,000 in cash and 95% of a new $250,000,000 five-year mortgage that bears interest at 5.0%. The Fund accounts for its 64.7% interest in the property at fair value in accordance with the AICPA Audit and Accounting Guide for Investment Companies. We account for our directly owned 30.3% equity interest under the equity method of accounting.

5. Marketable Securities and Derivative Instruments

Marketable Securities

Our portfolio of marketable securities is comprised of debt and equity securities that are classified as available for sale. Available for sale securities are presented on our consolidated balance sheets at fair value. Gains and losses resulting from the mark-to-market of these securities are included in "other comprehensive (loss) income." Gains and losses are recognized in earnings only upon the sale of the securities and are recorded based on the weighted average cost of such securities.

In the nine months ended September 30, 2011 and 2010, we sold certain marketable securities for aggregate proceeds of $19,301,000 and $155,118,000, resulting in net gains of $2,139,000 and $8,960,000, respectively, of which $0 and $5,052,000 was recognized in the three months ended September 30, 2011 and 2010, respectively.

5. Marketable Securities and Derivative Instruments- continued

Marketable Securities-continued

Below is a summary of our marketable securities portfolio as of September 30, 2011 and December 31, 2010.

	As of September 30, 2011				As of December 31, 2010			
	Maturity	Fair Value	GAAP Cost	Unrealized (Loss) Gain	Maturity	Fair Value	GAAP Cost	Unrealized Gain
Equity securities:								
J.C. Penney	n/a	$ 497,680	$ 590,366	$ (92,686)	n/a	$ 600,600	$ 590,366	$ 10,234
Other	n/a	26,769	13,561	13,208	n/a	47,248	26,481	20,767
Debt securities	04/13 - 10/18	106,912	102,679	4,233	08/11 - 10/18	118,268	104,180	14,088
		$ 631,361	$ 706,606	$ (75,245)		$ 766,116	$ 721,027	$ 45,089

Investment in J.C. Penney Company, Inc. ("J.C. Penney") (NYSE: JCP)

We own an economic interest in 23,400,000 J.C. Penney common shares, or 10.9% of J.C. Penney's outstanding common shares. Below are the details of our investment.

We own 18,584,010 common shares at an average economic cost of $25.71 per share or $477,829,000 in the aggregate. As of September 30, 2011, these shares have an aggregate fair value of $497,680,000, based on J.C. Penney's closing share price of $26.78 per share at September 30, 2011. Of these shares, 15,500,000 were acquired through the exercise of a call option that was acquired on September 28, 2010 and settled on November 9, 2010. During the period in which the call option was outstanding and classified as a derivative instrument, we recognized $112,537,000 of income. Upon exercise of the call option, the GAAP basis of the 18,584,010 common shares we own increased to $31.77 per share, or $590,366,000 in the aggregate. These shares are included in marketable equity securities on our consolidated balance sheet and are classified as "available for sale." During the nine months ended September 30, 2011, we recognized a $102,920,000 loss from the mark-to-market of these shares, which is included in "other comprehensive (loss) income," based on the difference between the carrying amount of these shares of $600,600,000 at December 31, 2010 and the fair value of $497,680,000 at September 30, 2011.

We also own an economic interest in 4,815,990 common shares through a forward contract executed on October 7, 2010, at a weighted average strike price of $28.76 per share, or $138,492,000 in the aggregate. The contract may be settled, at our election, in cash or common shares, in whole or in part, at any time prior to October 9, 2012. The counterparty may accelerate settlement, in whole or in part, upon one year's notice to us. The strike price per share increases at an annual rate of LIBOR plus 80 basis points. The contract is a derivative instrument that does not qualify for hedge accounting treatment. Mark-to-market adjustments on the underlying common shares are recognized in "interest and other investment (loss) income, net" on our consolidated statements of income. During the three and nine months ended September 30, 2011, we recognized losses of $37,537,000 and $27,136,000, respectively, from the mark-to-market of the underlying common shares, based on J.C. Penney's closing share price of $26.78 per share at September 30, 2011.

On September 16, 2011, we entered into an agreement with J.C. Penney which enables us to increase our beneficial and/or economic ownership to up to 15.4% of J.C. Penney's outstanding common shares. We have agreed to vote any common shares we hold in excess of 9.9% of J.C. Penney's outstanding common shares in accordance with either the recommendation of the board of directors of J.C. Penney or in direct proportion to the vote of all other public shareholders of J.C. Penney (excluding shares affiliated with Pershing Square Capital Management L.P.).

We review our investment in J.C. Penney on a continuing basis. Depending on various factors, including, without limitation, J.C. Penney's financial position and strategic direction, actions taken by its board, price levels of its common stock, other investment opportunities available to us, market conditions and general economic and industry conditions, we may take such actions with respect to J.C. Penney as we deem appropriate, including (i) purchasing additional common stock or other financial instruments related to J.C. Penney, subject to our agreement with J.C. Penney as described in the preceding paragraph, or (ii) selling some or all of our beneficial or economic holdings, or (iii) engaging in hedging or similar transactions.

6. Investments in Partially Owned Entities

Toys "R" Us ("Toys")

As of September 30, 2011, we own 32.7% of Toys. The business of Toys is highly seasonal. Historically, Toys' fourth quarter net income accounts for more than 80% of its fiscal year net income. We account for our investment in Toys under the equity method and record our 32.7% share of Toys net income or loss on a one-quarter lag basis because Toys' fiscal year ends on the Saturday nearest January 31, and our fiscal year ends on December 31. As of September 30, 2011, the carrying amount of our investment in Toys does not differ materially from our share of the equity in the net assets of Toys on a purchase accounting basis.

On May 28, 2010, Toys filed a registration statement, as amended, with the SEC for the offering and sale of its common stock. The offering, if completed, would result in a reduction of our percentage ownership of Toys' equity. The size of the offering and its completion are subject to market and other conditions.

Below is a summary of Toys' latest available financial information on a purchase accounting basis:

(Amounts in thousands)	Balance as of	
Balance Sheet:	**July 30, 2011**	**October 30, 2010**
Assets	$ 11,778,000	$ 12,810,000
Liabilities	9,969,000	11,317,000
Toys "R" Us, Inc. equity	1,809,000	1,493,000

	For the Three Months Ended		For the Nine Months Ended	
Income Statement:	**July 30, 2011**	**July 31, 2010**	**July 30, 2011**	**July 31, 2010**
Total revenues	$ 2,648,000	$ 2,565,000	$ 11,256,000	$ 11,030,000
Net (loss) income attributable to Toys	(36,000)	(16,000)	227,000	292,000

Alexander's, Inc. ("Alexander's") (NYSE: ALX)

As of September 30, 2011, we own 1,654,068 Alexander's common shares, or approximately 32.4% of Alexander's common equity. We manage, lease and develop Alexander's properties pursuant to the agreements described below which expire in March of each year and are automatically renewable. As of September 30, 2011, Alexander's owed us $43,308,000 in fees under these agreements.

As of September 30, 2011, the fair value of our investment in Alexander's, based on Alexander's September 30, 2011 closing share price of $361.02, was $597,152,000, or $406,875,000 in excess of the carrying amount on our consolidated balance sheet. As of September 30, 2011, the carrying amount of our investment in Alexander's, excluding amounts owed to us, exceeds our share of the equity in the net assets of Alexander's by approximately $59,188,000. The majority of this basis difference resulted from the excess of our purchase price for the Alexander's common stock acquired over the book value of Alexander's net assets. Substantially all of this basis difference was allocated, based on our estimates of the fair values of Alexander's assets and liabilities, to real estate (land and buildings). We are amortizing the basis difference related to the buildings into earnings as additional depreciation expense over their estimated useful lives. This depreciation is not material to our share of equity in Alexander's net income. The basis difference related to the land will be recognized upon disposition of our investment.

Below is a summary of Alexander's latest available financial information:

(Amounts in thousands)	Balance as of	
Balance Sheet:	**September 30, 2011**	**December 31, 2010**
Assets	$ 1,785,000	$ 1,679,000
Liabilities	1,427,000	1,335,000
Noncontrolling interests	4,000	3,000
Stockholders' equity	354,000	341,000

	For the Three Months Ended		For the Nine Months Ended	
Income Statement:	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
Total revenues	$ 65,000	$ 61,000	$ 190,000	$ 179,000
Net income attributable to Alexander's	20,000	18,000	59,000	49,000

6. Investments in Partially Owned Entities – continued

Lexington Realty Trust ("Lexington") (NYSE: LXP)

As of September 30, 2011, we own 18,468,969 Lexington common shares, or approximately 11.7% of Lexington's common equity. We account for our investment in Lexington under the equity method because we believe we have the ability to exercise significant influence over Lexington's operating and financial policies, based on, among other factors, our representation on Lexington's Board of Trustees and the level of our ownership in Lexington as compared to other shareholders. We record our pro rata share of Lexington's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to the time that Lexington files its consolidated financial statements.

Based on Lexington's September 30, 2011 closing share price of $6.54, the fair value of our investment in Lexington was $120,787,000, or $59,472,000 in excess of the September 30, 2011 carrying amount on our consolidated balance sheet. As of September 30, 2011, the carrying amount of our investment in Lexington was less than our share of the equity in the net assets of Lexington by approximately $48,861,000. This basis difference resulted primarily from $107,882,000 of non-cash impairment charges recognized during 2008, partially offset by purchase accounting for our acquisition of an additional 8,000,000 common shares of Lexington in October 2008, of which the majority relates to our estimate of the fair values of Lexington's real estate (land and buildings) as compared to the carrying amounts in Lexington's consolidated financial statements. The basis difference related to the buildings is being amortized over their estimated useful lives as an adjustment to our equity in net income or loss of Lexington. This amortization is not material to our share of equity in Lexington's net income or loss. The basis difference attributable to the land will be recognized upon disposition of our investment.

Below is a summary of Lexington's latest available financial information:

(Amounts in thousands)	Balance as of	
Balance Sheet:	**June 30, 2011**	**September 30, 2010**
Assets	$ 3,240,000	$ 3,385,000
Liabilities	1,910,000	2,115,000
Noncontrolling interests	60,000	71,000
Shareholders' equity	1,270,000	1,199,000

	For the Three Months Ended		For the Nine Months Ended	
Income Statement:	**June 30, 2011**	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
Total revenues	$ 83,000	$ 81,000	$ 252,000	$ 249,000
Net (loss) attributable to Lexington	(44,000)	(24,000)	(49,000)	(97,000)

LNR Property LLC ("LNR")

As of September 30, 2011, we own a 26.2% equity interest in LNR, which we acquired in July 2010. We account for our investment in LNR under the equity method and record our 26.2% share of LNR's net income or loss on a one-quarter lag basis because we file our consolidated financial statements on Form 10-K and 10-Q prior to receiving LNR's consolidated financial statements.

LNR consolidates certain commercial mortgage-backed securities ("CMBS") and Collateralized Debt Obligation ("CDO") trusts for which it is the primary beneficiary. The assets of these trusts (primarily commercial mortgage loans), which aggregate approximately $138.5 billion as of June 30, 2011, are the sole source of repayment of the related liabilities, which are non-recourse to LNR and its equity holders, including us. Changes in the fair value of these assets each period are offset by changes in the fair value of the related liabilities through LNR's consolidated income statement. As of September 30, 2011, the carrying amount of our investment in LNR does not materially differ from our share of LNR's equity.

6. Investments in Partially Owned Entities – continued

LNR Property LLC ("LNR") – continued

Below is a summary of LNR's latest available financial information:

(Amounts in thousands)	Balance as of	
Balance Sheet:	**June 30, 2011**	**September 30, 2010**
Assets	$ 139,731,000	$ 143,266,000
Liabilities	139,025,000	142,720,000
Noncontrolling interests	43,000	37,000
LNR equity	663,000	509,000

Income Statement:	**For the Three Months Ended June 30, 2011**	**For the Nine Months Ended June 30, 2011**
Total revenues	$ 73,000	$ 156,000
Net income attributable to LNR	52,000	152,000

280 Park Avenue Joint Venture

On March 16, 2011, we formed a 50/50 joint venture with SL Green Realty Corp ("SL Green") to own the mezzanine debt of 280 Park Avenue, a 1.2 million square foot office building located between 48th and 49th Streets in Manhattan (the "Property"). We contributed our mezzanine loan with a face amount of $73,750,000, and they contributed their mezzanine loans with a face amount of $326,250,000 to the joint venture. We equalized our interest in the joint venture with SL Green by paying them $111,250,000 in cash and assuming $15,000,000 of their debt. On May 17, 2011, as part of the recapitalization of the Property, the joint venture contributed its debt position for 99% of the common equity of a new joint venture which owns the Property. The new joint venture expects to spend $150,000,000 for re-tenanting and repositioning the Property. We account for our 49.5% equity interest in the Property under the equity method of accounting from the date of recapitalization.

Independence Plaza

On June 17, 2011, a joint venture in which we are a 51% partner invested $55,000,000 in cash (of which we contributed $35,000,000) to acquire a face amount of $150,000,000 of mezzanine loans and a $35,000,000 participation in a senior loan on Independence Plaza, a residential complex comprised of three 39-story buildings in the Tribeca submarket of Manhattan. We share control over major decisions with our joint venture partner. Accordingly, we account for our 51% interest in the joint venture under the equity method of accounting from the date of acquisition.

6. Investments in Partially Owned Entities - continued

Investments in partially owned entities as of September 30, 2011 and December 31, 2010 and income (loss) recognized from these investments for the three and nine months ended September 30, 2011 and 2010 are as follows:

(Amounts in thousands) **Investments:**	**Percentage Ownership as of September 30, 2011**	**Balance as of September 30, 2011**	**Balance as of December 31, 2010**
Toys	32.7 %	$ 546,258	$ 447,334
Alexander's	32.4 %	$ 190,277	$ 186,811
Lexington	11.7 %	61,315	57,270
LNR	26.2 %	156,090	132,973
India real estate ventures	4%-36.5%	101,155	127,193
Partially owned office buildings (1)	Various	452,284	181,838
Other equity method investments (2)	Various	196,205	241,587
		$ 1,157,326	$ 927,672

Our Share of Net Income (Loss):	**For the Three Months Ended September 30, 2011**	**For the Three Months Ended September 30, 2010**	**For the Nine Months Ended September 30, 2011**	**For the Nine Months Ended September 30, 2010**
Toys – 32.7% share of:				
Equity in net (loss) income before income taxes	$ (26,773)	$ (32,574)	$ 104,049	$ 93,662
Income tax benefit (expense)	15,135	27,501	(29,914)	1,914
Equity in net (loss) income	(11,638)	(5,073)	74,135	95,576
Interest and other income	2,334	2,516	6,659	6,733
	$ (9,304)	$ (2,557)	$ 80,794	$ 102,309
Alexander's – 32.4% share of:				
Equity in net income	$ 6,437	$ 5,612	$ 18,507	$ 14,309
Management, leasing and development fees	2,170	1,945	6,749	6,774
	8,607	7,557	25,256	21,083
Lexington – 11.7% share in 2011 and 13.8% share in 2010 of equity in net (loss) income (3)	(617)	(2,301)	10,209	3,316
LNR – 26.2% share of equity in net income (acquired in July 2010) (4)	13,656	-	39,913	-
India real estate ventures – 4% to 36.5% range in our share of equity in net (loss) income	(690)	(195)	(692)	2,062
Partially owned office buildings (5)	(6,839)	86	(13,829)	1,864
Other equity method investments	(565)	(7,143)	(4,618)	(14,525)
	$ 13,552	$ (1,996)	$ 56,239	$ 13,800

(1) Includes interests in 330 Madison Avenue (25%), One Park Avenue (30.3%), 280 Park Avenue (49.5%), 825 Seventh Avenue (50%), Warner Building and 1101 17th Street (55%), Fairfax Square (20%), Rosslyn Plaza (46%) and West 57th Street properties (50%).

(2) Includes interests in Monmouth Mall, Verde Realty Operating Partnership, 85 10th Avenue Associates and others.

(3) Includes net gains of $9,760 and $5,998 in the nine months ended September 30, 2011 and 2010, respectively, resulting from Lexington's stock issuances.

(4) The nine months ended September 30, 2011 includes $6,020 for our share of net gains from asset sales and $8,977 for our share of a tax settlement gain.

(5) The nine months ended September 30, 2011 includes $9,022 for our share of expense, primarily for straight-line rent reserves and the write-off of tenant improvements in connection with a tenant's bankruptcy at the Warner Building.

6. Investments in Partially Owned Entities – continued

Below is a summary of the debt of our partially owned entities as of September 30, 2011 and December 31, 2010, none of which is recourse to us.

(Amounts in thousands)	Maturity	Interest Rate at September 30, 2011	100% of Partially Owned Entities' Debt at September 30, 2011	100% of Partially Owned Entities' Debt at December 31, 2010
Toys (32.7% interest) (as of July 30, 2011 and October 30, 2010, respectively):				
Senior unsecured notes (Face value – $950,000)	07/17	10.75 %	$ 929,773	$ 928,045
Senior unsecured notes (Face value – $725,000)	12/17	8.50 %	716,325	715,577
$700 million secured term loan facility	09/16	6.00 %	685,595	689,757
Senior U.K. real estate facility	04/13	5.02 %	573,207	561,559
$400 million secured term loan facility	05/18	5.25 %	396,082	-
7.875% senior notes (Face value – $400,000)	04/13	9.50 %	390,135	386,167
7.375% senior secured notes (Face value – $350,000)	09/16	7.38 %	358,147	350,000
7.375% senior notes (Face value – $400,000)	10/18	9.99 %	347,238	343,528
Japan bank loans	03/12-02/16	1.85%-2.85%	194,376	180,500
Spanish real estate facility	02/13	4.51 %	183,857	179,511
$1.85 billion credit facility	08/15	2.91 %	173,000	519,810
Japan borrowings	06/12-06/13	0.98 %	108,149	141,360
Junior U.K. real estate facility	04/13	6.81%-7.84%	99,850	98,266
French real estate facility	02/13	4.51 %	88,696	86,599
European and Australian asset-based revolving credit facility	03/16	2.89 %	32,852	25,767
8.750% debentures (Face value – $21,600)	09/21	9.17 %	21,080	21,054
7.625% bonds (Face value – $500,000)	n/a	n/a	-	495,943
Other	Various	Various	170,806	156,853
			$ 5,469,168	$ 5,880,296
Alexander's (32.4% interest):				
731 Lexington Avenue mortgage note payable, collateralized by the office space	02/14	5.33 %	$ 342,928	$ 351,751
731 Lexington Avenue mortgage note payable, collateralized by the retail space	07/15	4.93 %	320,000	320,000
Rego Park construction loan payable	12/11	1.42 %	277,200	277,200
Kings Plaza Regional Shopping Center mortgage note payable (1)	06/16	2.04 %	250,000	151,214
Rego Park mortgage note payable	03/12	0.75 %	78,246	78,246
Paramus mortgage note payable(2)	10/11	5.92 %	68,000	68,000
			$ 1,336,374	$ 1,246,411
Lexington (11.7% interest) (as of June 30, 2011 and September 30, 2010, respectively):				
Mortgage loans collateralized by Lexington's real estate	2011-2037	5.80 %	$ 1,728,515	$ 1,927,729
LNR (26.2% interest) (as of June 30, 2011 and September 30, 2010):				
Mortgage notes payable	2011-2043	4.75 %	$ 331,411	$ 508,547
Liabilities of consolidated CMBS and CDO trusts	n/a	5.30 %	138,541,030	142,001,333
			$ 138,872,441	$ 142,509,880

(1) On June 10, 2011, Alexander's completed a $250,000 refinancing of this loan. The five-year interest only loan is at LIBOR plus 1.70%.
(2) On October 5, 2011, this loan, which was scheduled to mature in October 2011, was refinanced for the same amount. The new seven-year interest only loan has a fixed rate of 2.90%.

6. Investments in Partially Owned Entities - continued

(Amounts in thousands)	Maturity	Interest Rate at September 30, 2011	100% of Partially Owned Entities' Debt at September 30, 2011	100% of Partially Owned Entities' Debt at December 31, 2010
Partially owned office buildings:				
280 Park Avenue (49.5% interest) mortgage notes payable (Face value - $740,000 at 6.37%)	06/16	3.93 %	$ 818,564	$ n/a
One Park Avenue (30.3% interest) mortgage note payable	03/16	5.00 %	250,000	n/a
Warner Building (55% interest) mortgage note payable	05/16	6.26 %	292,700	292,700
330 Madison Avenue (25% interest) mortgage note payable	06/15	1.77 %	150,000	150,000
Kaempfer Properties (2.5% and 5.0% interests in two partnerships) mortgage notes payable, collateralized by the partnerships' real estate	11/11-12/11	5.86 %	137,460	139,337
Fairfax Square (20% interest) mortgage note payable	12/14	7.00 %	71,176	71,764
Rosslyn Plaza (46% interest) mortgage note payable	12/11	1.22 %	56,680	56,680
330 West 34th Street (34.8% interest) mortgage note payable, collateralized by land	07/22	5.71 %	50,150	50,150
West 57th Street (50% interest) mortgage note payable	02/14	4.94 %	22,060	22,922
825 Seventh Avenue (50% interest) mortgage note payable	10/14	8.07 %	20,205	20,565
India Real Estate Ventures:				
TCG Urban Infrastructure Holdings (25% interest) mortgage notes payable, collateralized by the entity's real estate	2011-2022	11.81 %	238,957	196,319
Other:				
Verde Realty Operating Partnership (8.3% interest) mortgage notes payable, collateralized by the partnerships' real estate	2013-2025	6.18 %	353,346	581,086
Green Courte Real Estate Partners, LLC (8.3% interest) (as of June 30, 2011 and September 30, 2010), mortgage notes payable, collateralized by the partnerships' real estate	2011-2018	5.57 %	294,292	296,991
Monmouth Mall (50% interest) mortgage note payable	02/14-09/15	5.35 %	171,755	164,474
Wells/Kinzie Garage (50% interest) mortgage note payable	12/17	5.00 %	14,856	15,022
Orleans Hubbard Garage (50% interest) mortgage note payable	12/17	5.00 %	9,403	9,508
Waterfront Station (2.5% interest)	n/a	n/a	-	217,106
Other	Various	4.61 %	663,162	418,339

Based on our ownership interest in the partially owned entities above, our pro rata share of the debt of these partially owned entities was $39,802,179,000 and $40,443,346,000 as of September 30, 2011 and December 31, 2010, respectively. Excluding our pro rata share of LNR's liabilities related to consolidated CMBS and CDO trusts which are non-recourse to LNR and its equity holders, including us, our pro rata share of partially owned entities debt is $3,540,451,000 and $3,275,917,000 at September 30, 2011 and December 31, 2010, respectively.

7. Mezzanine Loans Receivable

On March 2, 2011, we sold our mezzanine loan in the Tharaldson Lodging Companies for $70,848,000 in cash, which had a carrying amount of $60,416,000 and recognized a net gain of $10,474,000. The gain is included as a component of "interest and other investment income, net" on our consolidated statement of income.

In the first quarter of 2011, we recognized $72,270,000 of income, representing the difference between the fair value of our 280 Park Avenue Mezzanine Loan of $73,750,000, and its carrying amount of $1,480,000. The $72,270,000 of income, which is included in "interest and other investment income, net" on our consolidated statement of income, is comprised of $63,145,000 from the reversal of the loan loss reserve and $9,125,000 of previously unrecognized interest income. Our decision to reverse the loan loss reserve was based on the increase in value of the underlying collateral. On March 16, 2011, we contributed this mezzanine loan to a 50/50 joint venture with SL Green (see Note 6 – Investments in Partially Owned Entities).

7. Mezzanine Loans Receivable - continued

As of September 30, 2011 and December 31, 2010, the carrying amount of mezzanine loans receivable was $156,365,000 and $202,412,000, respectively, net of allowances of $0 and $73,216,000, respectively. These loans have a weighted average interest rate of 5.57% and maturities ranging from November 2011 to August 2015.

8. Discontinued Operations

On March 31, 2011, the receiver completed the disposition of the High Point Complex in North Carolina. In connection therewith, the property and related debt were removed from our consolidated balance sheet and we recognized a net gain of $83,907,000 on the extinguishment of debt.

During 2011, we sold 1140 Connecticut Avenue and 1227 25th Street for $127,000,000 in cash, which resulted in a $45,862,000 net gain, and three retail properties in separate transactions for an aggregate of $40,990,000 in cash, which resulted in net gains aggregating $5,761,000.

In the third quarter of 2011, we reclassified the assets and liabilities and the combined results of operations of 350 West Mart Center, a 1.2 million square feet office building in Chicago, Illinois which is a part of our Merchandise Mart Properties segment and four retail properties, as "discontinued operations."

The tables below set forth the assets and liabilities related to discontinued operations at September 30, 2011 and December 31, 2010, and their combined results of operations for the three and nine months ended September 30, 2011 and 2010.

(Amounts in thousands)	Assets Related to Discontinued Operations as of		Liabilities Related to Discontinued Operations as of	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
350 West Mart Center	$ 170,333	$ 162,984	$ 1,128	$ -
Retail properties	83,019	121,837	7,826	11,730
High Point	-	154,563	-	236,974
1227 25th Street	-	43,630	-	-
1140 Connecticut Avenue	-	36,271	-	18,948
Total	$ 253,352	$ 519,285	$ 8,954	$ 267,652

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Total revenues	$ 9,744	$ 20,163	$ 36,486	$ 61,883
Total expenses	6,061	18,830	25,723	58,508
	3,683	1,333	10,763	3,375
Net gain on extinguishment of High Point debt	-	-	83,907	-
Net gain on sale of 1140 Connecticut Avenue and 1227 25th Street	-	-	45,862	-
Net gain on sales of other real estate	-	-	5,761	-
Litigation loss accrual and impairment loss	-	(5,000)	-	(15,056)
Income (loss) from discontinued operations	$ 3,683	$ (3,667)	$ 146,293	$ (11,681)

9. Identified Intangible Assets and Liabilities

The following summarizes our identified intangible assets (primarily acquired above-market leases) and liabilities (primarily acquired below-market leases) as of September 30, 2011 and December 31, 2010.

	Balance as of	
(Amounts in thousands)	September 30, 2011	December 31, 2010
Identified intangible assets:		
Gross amount	$ 690,996	$ 681,270
Accumulated amortization	(356,118)	(335,113)
Net	$ 334,878	$ 346,157
Identified intangible liabilities (included in deferred credit):		
Gross amount	$ 861,696	$ 856,689
Accumulated amortization	(380,198)	(335,317)
Net	$ 481,498	$ 521,372

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental income of $16,100,000 and $16,756,000 for the three months ended September 30, 2011 and 2010, respectively, and $49,387,000 and $48,476,000 for the nine months ended September 30, 2011 and 2010, respectively. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years commencing January 1, 2012 is as follows:

(Amounts in thousands)	
2012	$ 51,092
2013	43,174
2014	37,419
2015	34,673
2016	31,281

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was $16,059,000 and $15,032,000 for the three months ended September 30, 2011 and 2010, respectively, and $43,782,000 and $45,317,000 for the nine months ended September 30, 2011 and 2010, respectively. Estimated annual amortization of all other identified intangible assets including acquired in-place leases, customer relationships, and third party contracts for each of the five succeeding years commencing January 1, 2012 is as follows:

(Amounts in thousands)	
2012	$ 47,168
2013	39,703
2014	21,398
2015	16,471
2016	13,924

We are a tenant under ground leases for certain properties. Amortization of these acquired below-market leases, net of above-market leases resulted in an increase to rent expense of $344,000 and $539,000 for the three months ended September 30, 2011 and 2010, respectively, and $1,033,000 and $1,618,000 for the nine months ended September 30, 2011 and 2010, respectively. Estimated annual amortization of these below-market leases, net of above-market leases, for each of the five succeeding years commencing January 1, 2012 is as follows:

(Amounts in thousands)	
2012	$ 1,377
2013	1,377
2014	1,377
2015	1,377
2016	1,377

10. Debt

The following is a summary of our debt:

(Amounts in thousands)		Interest Rate at	Balance at	
Notes and mortgages payable:	**Maturity (1)**	**September 30, 2011**	**September 30, 2011**	**December 31, 2010**
Fixed rate:				
New York Office:				
350 Park Avenue	01/12	5.48 %	$ 430,000	$ 430,000
Two Penn Plaza (2)	03/18	5.13 %	425,000	277,347
1290 Avenue of the Americas	01/13	5.97 %	415,934	424,136
770 Broadway	03/16	5.65 %	353,000	353,000
888 Seventh Avenue	01/16	5.71 %	318,554	318,554
909 Third Avenue	04/15	5.64 %	204,203	207,045
Eleven Penn Plaza	12/11	5.20 %	196,253	199,320
Washington, DC Office:				
Skyline Place	02/17	5.74 %	678,000	678,000
River House Apartments	04/15	5.43 %	195,546	195,546
2121 Crystal Drive (3)	03/23	5.51 %	150,000	-
Bowen Building	06/16	6.14 %	115,022	115,022
1215 Clark Street, 200 12th Street and 251 18th Street	01/25	7.09 %	109,067	110,931
West End 25 (4)	06/21	4.88 %	101,671	-
Universal Buildings	04/14	6.42 %	99,456	103,049
Reston Executive I, II, and III	01/13	5.57 %	93,000	93,000
2011 Crystal Drive	08/17	7.30 %	80,711	81,362
1550 and 1750 Crystal Drive	11/14	7.08 %	77,292	79,411
220 20th Street (5)	02/18	4.61 %	75,323	-
1235 Clark Street	07/12	6.75 %	51,569	52,314
2231 Crystal Drive	08/13	7.08 %	44,422	46,358
1750 Pennsylvania Avenue	06/12	7.26 %	44,538	45,132
1225 Clark Street	08/13	7.08 %	26,571	27,616
1800, 1851 and 1901 South Bell Street	12/11	6.91 %	2,610	10,099
Retail:				
Cross-collateralized mortgages on 40 strip shopping centers	09/20	4.20 %	588,377	597,138
Montehiedra Town Center	07/16	6.04 %	120,000	120,000
Broadway Mall	07/13	5.30 %	88,383	90,227
828-850 Madison Avenue Condominium	06/18	5.29 %	80,000	80,000
North Bergen (Tonnelle Avenue) (6)	01/18	4.59 %	75,000	-
Las Catalinas Mall	11/13	6.97 %	56,488	57,737
510 5th Avenue	01/16	5.60 %	31,850	32,189
Other	03/12-05/36	5.12%-7.30%	95,962	97,054
Merchandise Mart:				
Merchandise Mart	12/16	5.57 %	550,000	550,000
Boston Design Center	09/15	5.02 %	67,655	68,538
Washington Design Center	n/a	n/a	-	43,447
Other:				
555 California Street (7)	09/21	5.10 %	600,000	640,911
Borgata Land (8)	02/21	5.14 %	60,000	-
Industrial Warehouses	n/a	n/a	-	24,358
Total fixed rate notes and mortgages payable		5.52 %	$ 6,701,457	$ 6,248,841

See notes on page 22.

10. Debt - continued

(Amounts in thousands)			Interest Rate at	Balance at	
Notes and mortgages payable:	**Maturity (1)**	**Spread over LIBOR**	**September 30, 2011**	**September 30, 2011**	**December 31, 2010**
Variable rate:					
New York Office:					
Manhattan Mall	02/12	L+55	0.78 %	$ 232,000	$ 232,000
866 UN Plaza (9)	05/16	L+125 (9)	1.52 %	44,978	44,978
Washington, DC Office:					
2101 L Street	02/13	L+120	1.45 %	150,000	150,000
River House Apartments	04/18	n/a (10)	1.53 %	64,000	64,000
2200/2300 Clarendon Boulevard	01/15	L+75	0.98 %	54,833	59,278
1730 M and 1150 17th Street	06/14	L+140	1.72 %	43,581	43,581
West End 25 (4)	n/a	n/a	n/a	-	95,220
220 20th Street (5)	n/a	n/a	n/a	-	83,573
Retail:					
Green Acres Mall	02/13	L+140	1.73 %	325,045	335,000
Bergen Town Center	03/13	L+150	1.76 %	279,044	279,044
San Jose Strip Center	03/13	L+400	4.25 %	113,641	120,863
Beverly Connection (11)	10/11	L+350 (11)	5.00 %	100,000	100,000
4 Union Square South	04/14	L+325	3.52 %	75,000	75,000
Cross-collateralized mortgages on 40 strip shopping centers (12)	09/20	L+136 (12)	2.36 %	60,000	60,000
435 Seventh Avenue (13)	08/14	L+300 (13)	5.00 %	51,479	51,844
Other	11/12	L+375	3.97 %	20,983	21,862
Other:					
220 Central Park South (14)	10/11	L+235–L+245 (14)	2.61 %	123,750	123,750
Other	11/11	L+250	2.75 %	22,400	66,267
Total variable rate notes and mortgages payable			2.19 %	1,760,734	2,006,260
Total notes and mortgages payable			4.83 %	$ 8,462,191	$ 8,255,101
Senior unsecured notes:					
Senior unsecured notes due 2015	04/15		4.25 %	$ 499,421	$ 499,296
Senior unsecured notes due 2039 (15)	10/39		7.88 %	460,000	460,000
Floating rate senior unsecured notes due 2011	n/a		n/a	-	23,250
Senior unsecured notes due 2011	n/a		n/a	-	100,382
Total senior unsecured notes			5.99 %	$ 959,421	$ 1,082,928
3.88% exchangeable senior debentures due 2025 (see page 23)	04/12		5.32 %	$ 496,139	$ 491,000
Convertible senior debentures: (see page 23)					
3.63% due 2026	11/11		5.32 %	$ 178,696	$ 176,499
2.85% due 2027	04/12		5.45 %	10,103	9,914
Total convertible senior debentures (16)			5.33 %	$ 188,799	$ 186,413
Unsecured revolving credit facilities:					
$1.595 billion unsecured revolving credit facility (17)	09/12	L+55	0.75 %	$ 300,000	$ 669,000
$1.25 billion unsecured revolving credit facility ($22,085 reserved for outstanding letters of credit) (18)	06/16	L+135	-	-	205,000
Total unsecured revolving credit facilities			0.75 %	$ 300,000	$ 874,000

See notes on the following page.

10. Debt - continued

Notes to preceding tabular information (Amounts in thousands):

(1) Represents the extended maturity for certain loans in which we have the unilateral right, ability and intent to extend. In the case of our convertible and exchangeable debt, represents the earliest date holders may require us to repurchase the debentures.

(2) On February 11, 2011, we completed a $425,000 refinancing of this property. The seven-year loan bears interest at LIBOR plus 2.00%, which was swapped for the term of the loan to a fixed rate of 5.13%. The loan amortizes based on a 30-year schedule beginning in the fourth year. We retained net proceeds of approximately $139,000, after repaying the existing loan and closing costs.

(3) On February 10, 2011, we completed a $150,000 financing of this property. The 12-year fixed rate loan bears interest at 5.51% and amortizes based on a 30-year schedule beginning in the third year. This property was previously unencumbered.

(4) In May 2011, we repaid the outstanding balance of the variable-rate construction loan on this property and closed on a $101,671 mortgage at a fixed rate of 4.88%. The loan has a 10-year term and amortizes based on a 30-year schedule beginning in the sixth year.

(5) On January 18, 2011, we repaid the outstanding balance of the variable-rate construction loan on this property and closed on a $76,100 mortgage at a fixed rate of 4.61%. The loan has a seven-year term and amortizes based on a 30-year schedule.

(6) On January 10, 2011, we completed a $75,000 financing of this property. The seven-year fixed rate loan bears interest at 4.59% and amortizes based on a 25-year schedule beginning in the sixth year. This property was previously unencumbered.

(7) On September 1, 2011, we completed a $600,000 refinancing of this property. The 10-year fixed rate loan bears interest at 5.10% and amortizes based on a 30-year schedule beginning in the fourth year.

(8) In January 2011, we completed a $60,000 financing of this property. The 10-year fixed rate loan bears interest at 5.14% and amortizes based on a 30-year schedule beginning in the third year.

(9) On May 10, 2011, we refinanced this loan for the same amount. The five-year interest only loan is at LIBOR plus 1.25%.

(10) This loan bears interest at the Freddie Mac Reference Note Rate plus 1.53%.

(11) In October 2011, this loan was refinanced in the same amount for one year, with two one-year extension options. The interest rate on the new loan is at LIBOR plus 4.25% with a LIBOR floor of 0.50%.

(12) This loan has a LIBOR floor of 1.00%.

(13) This loan has a LIBOR floor of 2.00%.

(14) In October 2011, we extended the maturity date of this loan to October 2012, with a provision for a one-year extension option.

(15) These notes may be redeemed at our option in whole or in part beginning on October 1, 2014, at a price equal to the principal amount plus accrued interest.

(16) The net proceeds from the offering of these debentures were contributed to the Operating Partnership in the form of an inter-company loan and the Operating Partnership fully and unconditionally guaranteed payment of these debentures. There are no restrictions which limit the Operating Partnership from making distributions to Vornado and Vornado has virtually no independent assets or operations outside of the Operating Partnership.

(17) We are in the process of renewing this facility and expect to enter into a new $1,250,000 facility that has a four-year term, with a one-year extension option and bears interest on drawn amounts at LIBOR plus 1.25% and has a .25% facility fee (drawn or undrawn), based on our credit ratings.

(18) On June 8, 2011, we renewed this facility and increased it to $1,250,000 from $1,000,000. The renewed facility matures in four years, has a one-year extension option and bears interest on drawn amounts at LIBOR plus 1.35% and has a .30% facility fee (drawn or undrawn), based on our credit ratings.

10. Debt – continued

Pursuant to the provisions of Accounting Standards Codification ("ASC") 470-20, *Debt with Conversion and Other Options*, below is a summary of required disclosures related to our convertible and exchangeable senior debentures.

(Amounts in thousands, except per share amounts)	2.85% Convertible Senior Debentures due 2027		3.63% Convertible Senior Debentures due 2026		3.88% Exchangeable Senior Debentures due 2025	
Balance Sheet:	**September 30, 2011**	**December 31, 2010**	**September 30, 2011**	**December 31, 2010**	**September 30, 2011**	**December 31, 2010**
Principal amount of debt component	$ 10,233	$ 10,233	$ 179,052	$ 179,052	$ 499,982	$ 499,982
Unamortized discount	(130)	(319)	(356)	(2,553)	(3,843)	(8,982)
Carrying amount of debt component	$ 10,103	$ 9,914	$ 178,696	$ 176,499	$ 496,139	$ 491,000
Carrying amount of equity component	$ 956	$ 956	$ 9,604	$ 9,604	$ 32,301	$ 32,301
Effective interest rate	5.45 %	5.45 %	5.32 %	5.32 %	5.32 %	5.32 %
Maturity date (period through which discount is being amortized)	4/1/12		11/15/11		4/15/12	
Conversion price per share, as adjusted	$ 157.18		$ 148.46		$ 87.17	
Number of shares on which the aggregate consideration to be delivered upon conversion is determined	- (1)		- (1)		5,736	

(1) Our convertible senior debentures require that upon conversion, the entire principal amount is to be settled in cash, and at our option, any excess value above the principal amount may be settled in cash or common shares. Based on the September 30, 2011 closing share price of our common shares and the conversion prices in the table above, there was no excess value; accordingly, no common shares would be issued if these securities were settled on this date. The number of common shares on which the aggregate consideration that would be delivered upon conversion is 65 and 1,206 common shares, respectively.

(Amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
Income Statement:	**2011**	**2010**	**2011**	**2010**
2.85% Convertible Senior Debentures due 2027:				
Coupon interest	$ 74	$ 160	$ 219	$ 480
Discount amortization – original issue	11	23	33	69
Discount amortization – ASC 470-20 implementation	52	110	156	325
	$ 137	$ 293	$ 408	$ 874
3.63% Convertible Senior Debentures due 2026:				
Coupon interest	$ 1,623	$ 3,523	$ 4,868	$ 11,328
Discount amortization – original issue	202	417	598	1,320
Discount amortization – ASC 470-20 implementation	540	1,117	1,599	3,533
	$ 2,365	$ 5,057	$ 7,065	$ 16,181
3.88% Exchangeable Senior Debentures due 2025:				
Coupon interest	$ 4,843	$ 4,844	$ 14,531	$ 14,532
Discount amortization – original issue	410	389	1,213	1,151
Discount amortization – ASC 470-20 implementation	1,326	1,258	3,926	3,724
	$ 6,579	$ 6,491	$ 19,670	$ 19,407

11. Redeemable Noncontrolling Interests

Redeemable noncontrolling interests on our consolidated balance sheets represent Operating Partnership units held by third parties and are comprised of Class A units and Series D-10, D-14, D-15 and D-16 (collectively, "Series D") cumulative redeemable preferred units. Redeemable noncontrolling interests on our consolidated balance sheets are recorded at the greater of their carrying amount or redemption value at the end of each reporting period. Changes in the value from period to period are charged to "additional capital" in our consolidated statements of changes in equity. Below is a table summarizing the activity of redeemable noncontrolling interests.

(Amounts in thousands)		
Balance at December 31, 2009	$	1,251,628
Net income		33,487
Distributions		(40,702)
Conversion of Class A units into common shares, at redemption value		(62,606)
Adjustments to carry redeemable Class A units at redemption value		232,099
Redemption of Series D-12 redeemable units		(13,000)
Other, net		16,316
Balance at September 30, 2010	$	1,417,222
Balance at December 31, 2010	$	1,327,974
Net income		47,364
Distributions		(38,393)
Conversion of Class A units into common shares, at redemption value		(38,220)
Adjustments to carry redeemable Class A units at redemption value		(114,628)
Redemption of Series D-11 redeemable units		(28,000)
Other, net		4,623
Balance at September 30, 2011	$	1,160,720

As of September 30, 2011 and December 31, 2010, the aggregate redemption value of redeemable Class A units was $934,720,000 and $1,066,974,000, respectively.

Redeemable noncontrolling interests exclude our Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units, as they are accounted for as liabilities in accordance with ASC 480, *Distinguishing Liabilities and Equity*, because of their possible settlement by issuing a variable number of Vornado common shares. Accordingly the fair value of these units is included as a component of "other liabilities" on our consolidated balance sheets and aggregated $55,052,000 and $55,097,000 as of September 30, 2011 and December 31, 2010, respectively.

In 2011, we redeemed 1,400,000 Series D-11 cumulative redeemable preferred units with a par value of $25.00 per unit, for an aggregate of $28,000,000 in cash. In 2010, we redeemed 800,000 Series D-12 cumulative redeemable preferred units with a par value of $25.00 per unit, for an aggregate of $13,000,000 in cash.

12. Shareholders' Equity

On April 20, 2011, we sold 7,000,000 6.875% Series J Cumulative Redeemable Preferred Shares at a price of $25.00 per share, in an underwritten public offering pursuant to an effective registration statement. On April 21, 2011, the underwriters exercised their option to purchase an additional 1,050,000 shares to cover over-allotments. On May 5, 2011 and August 5, 2011, we sold an additional 800,000 and 1,000,000 shares, respectively, at a price of $25.00 per share. We retained aggregate net proceeds of $239,037,000, after underwriters' discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 9,850,000 Series J Preferred Units (with economic terms that mirror those of the Series J Preferred Shares). Dividends on the Series J Preferred Shares are cumulative and payable quarterly in arrears. The Series J Preferred Shares are not convertible into, or exchangeable for, any of our properties or securities. On or after five years from the date of issuance (or sooner under limited circumstances), we, at our option, may redeem the Series J Preferred Shares at a redemption price of $25.00 per share, plus accrued and unpaid dividends through the date of redemption. The Series J Preferred Shares have no maturity date and will remain outstanding indefinitely unless redeemed by us.

13. Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures* defines fair value and establishes a framework for measuring fair value. The objective of fair value is to determine the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels: Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities; Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and Level 3 – unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as consider counterparty credit risk in our assessment of fair value. Considerable judgment is necessary to interpret Level 2 and 3 inputs in determining the fair value of our financial and non-financial assets and liabilities. Accordingly, our fair value estimates, which are made at the end of each reporting period, may be different than the amounts that may ultimately be realized upon sale or disposition of these assets.

Financial Assets and Liabilities Measured at Fair Value

Financial assets and liabilities that are measured at fair value in our consolidated financial statements consist of (i) marketable securities, (ii) derivative positions in marketable equity securities, (iii) the assets of our deferred compensation plan, which are primarily marketable equity securities and equity investments in limited partnerships, (iv) Real Estate Fund investments, and (v) mandatorily redeemable instruments (Series G-1 through G-4 convertible preferred units and Series D-13 cumulative redeemable preferred units). The tables below aggregate the fair values of financial assets and liabilities by the levels in the fair value hierarchy at September 30, 2011 and December 31, 2010, respectively.

	As of September 30, 2011			
(Amounts in thousands)	Total	Level 1	Level 2	Level 3
Marketable securities	$ 631,361	$ 631,361	$ -	$ -
Real Estate Fund investments (75% of which is attributable to noncontrolling interests)	261,417	-	-	261,417
Deferred compensation plan assets (included in other assets)	94,623	40,736	-	53,887
Total assets	$ 987,401	$ 672,097	$ -	$ 315,304
Mandatorily redeemable instruments (included in other liabilities)	$ 55,052	$ 55,052	$ -	$ -

	As of December 31, 2010			
(Amounts in thousands)	Total	Level 1	Level 2	Level 3
Marketable securities	$ 766,116	$ 766,116	$ -	$ -
Real Estate Fund investments (75% of which is attributable to noncontrolling interests)	144,423	-	-	144,423
Deferred compensation plan assets (included in other assets)	91,549	43,699	-	47,850
Derivative positions in marketable equity securities (included in other assets)	17,616	-	17,616	-
Total assets	$ 1,019,704	$ 809,815	$ 17,616	$ 192,273
Mandatorily redeemable instruments (included in other liabilities)	$ 55,097	$ 55,097	$ -	$ -

13. Fair Value Measurements - continued

Financial Assets and Liabilities Measured at Fair Value - continued

The tables below summarize the changes in the fair value of the Level 3 assets above, by category, for the three and nine months ended September 30, 2011 and 2010.

Real Estate Fund Investments:	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Amounts in thousands)	2011	2010	2011	2010
Beginning balance	$ 255,795	$ -	$ 144,423	$ -
Purchases	-	42,500	123,047	42,500
Sales	-	-	(12,831)	-
Realized and unrealized gains	5,639	-	22,294	-
Other, net	(17)	-	(15,516)	-
Ending balance	$ 261,417	$ 42,500	$ 261,417	$ 42,500

Deferred Compensation Plan Assets:	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Amounts in thousands)	2011	2010	2011	2010
Beginning balance	$ 53,724	$ 43,598	$ 47,850	$ 39,589
Purchases	3,155	9,802	22,259	16,144
Sales	(1,044)	(7,850)	(18,538)	(11,430)
Realized and unrealized (losses) gains	(2,051)	487	2,166	1,637
Other, net	103	-	150	97
Ending balance	$ 53,887	$ 46,037	$ 53,887	$ 46,037

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value in our consolidated financial statements include mezzanine loans receivable and debt. Estimates of the fair values of these instruments are based on our assessments of available market information and valuation methodologies, including discounted cash flow analyses. The table below summarizes the carrying amounts and fair values of these financial instruments as of September 30, 2011 and December 31, 2010.

	As of September 30, 2011		As of December 31, 2010	
(Amounts in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mezzanine loans receivable	$ 156,365	$ 150,226	$ 202,412	$ 197,581
Debt:				
Notes and mortgages payable	$ 8,462,191	$ 8,576,512	$ 8,255,101	$ 8,446,791
Senior unsecured notes	959,421	1,011,602	1,082,928	1,119,512
Exchangeable senior debentures	496,139	514,981	491,000	554,355
Convertible senior debentures	188,799	189,816	186,413	191,510
Revolving credit facility debt	300,000	300,000	874,000	874,000
	$ 10,406,550	$ 10,592,911	$ 10,889,442	$ 11,186,168

14. Stock-based Compensation

Our Share Option Plan (the "Plan") provides for grants of incentive and non-qualified stock options, restricted stock, restricted Operating Partnership units and out-performance plan rewards to certain of our employees and officers. We account for all stock-based compensation in accordance ASC 718, *Compensation – Stock Compensation*. Stock-based compensation expense for the three months ended September 30, 2011 and 2010 consists of stock option awards, restricted stock awards, Operating Partnership unit awards and out-performance plan awards. Stock-based compensation expense was $7,320,000 and $11,210,000 in the three months ended September 30, 2011 and 2010, respectively, and $21,384,000 and $26,167,000 in the nine months ended September 30, 2011 and 2010, respectively.

15. Fee and Other Income

The following table sets forth the details of our fee and other income:

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Tenant cleaning fees	$ 15,647	$ 13,613	$ 46,479	$ 40,733
Management and leasing fees	4,361	3,555	15,456	16,075
Lease termination fees	4,803	2,301	12,478	10,112
Other income	12,195	12,797	37,826	37,918
	$ 37,006	$ 32,266	$ 112,239	$ 104,838

Fee and other income above includes management fee income from Interstate Properties, a related party, of $195,000 and $192,000 for the three months ended September 30, 2011 and 2010, respectively, and $586,000 and $584,000 for the nine months ended September 30, 2011 and 2010, respectively. The above table excludes management fee income from partially owned entities which is included in income from partially owned entities (see Note 6 – Investments in Partially Owned Entities).

16. Interest and Other Investment (Loss) Income, Net

The following table sets forth the details of our interest and other investment income:

(Amounts in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Mezzanine loans loss reversal (accrual) and net gain on disposition	$ -	$ -	$ 82,744	$ (6,900)
Dividends and interest on marketable securities	7,605	6,445	22,941	21,068
Interest on mezzanine loans	3,442	2,620	9,169	7,660
Mark-to-market of investments in our deferred compensation plan (1)	(5,243)	3,907	1,502	5,684
(Loss) income from the mark-to-market of J.C. Penney derivative position	(37,537)	32,249	(27,136)	32,249
Other, net	1,739	1,875	5,901	5,915
	$ (29,994)	$ 47,096	$ 95,121	$ 65,676

(1) This (loss) income is entirely offset by the revenue/expense resulting from the mark-to-market of the deferred compensation plan liability, which is included in "general and administrative" expense.

17. Income Per Share

The following table provides a reconciliation of both net income and the number of common shares used in the computation of (i) basic income per common share - which utilizes the weighted average number of common shares outstanding without regard to dilutive potential common shares, and (ii) diluted income per common share - which includes the weighted average common shares and dilutive share equivalents. Dilutive share equivalents may include our Series A convertible preferred shares, employee stock options, restricted stock and exchangeable senior debentures.

(Amounts in thousands, except per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Numerator:				
Income from continuing operations, net of income attributable to noncontrolling interests	$ 50,314	$ 107,919	$ 437,576	$ 402,591
Income (loss) from discontinued operations, net of income attributable to noncontrolling interests	3,448	(3,667)	137,430	(11,681)
Net income attributable to Vornado	53,762	104,252	575,006	390,910
Preferred share dividends	(17,627)	(13,442)	(47,743)	(41,975)
Discount on preferred share and unit redemptions	5,000	4,382	5,000	4,382
Net income attributable to common shareholders	41,135	95,192	532,263	353,317
Earnings allocated to unvested participating securities	(48)	(29)	(199)	(79)
Numerator for basic income per share	41,087	95,163	532,064	353,238
Impact of assumed conversions:				
Convertible preferred share dividends	-	-	94	121
Numerator for diluted income per share	$ 41,087	$ 95,163	$ 532,158	$ 353,359
Denominator:				
Denominator for basic income per share – weighted average shares	184,398	182,462	184,220	182,014
Effect of dilutive securities (1):				
Employee stock options and restricted share awards	1,667	1,706	1,764	1,741
Convertible preferred shares	-	-	55	71
Denominator for diluted income per share – weighted average shares and assumed conversions	186,065	184,168	186,039	183,826
INCOME PER COMMON SHARE – BASIC:				
Income from continuing operations, net	$ 0.20	$ 0.54	$ 2.14	$ 2.00
Income (loss) from discontinued operations, net	0.02	(0.02)	0.75	(0.06)
Net income per common share	$ 0.22	$ 0.52	$ 2.89	$ 1.94
INCOME PER COMMON SHARE – DILUTED:				
Income from continuing operations, net	$ 0.20	$ 0.54	$ 2.12	$ 1.98
Income (loss) from discontinued operations, net	0.02	(0.02)	0.74	(0.06)
Net income per common share	$ 0.22	$ 0.52	$ 2.86	$ 1.92

(1) The effect of dilutive securities above excludes anti-dilutive weighted average common share equivalents of 18,857 and 19,837 in the three months ended September 30, 2011 and 2010, respectively, and 18,687 and 19,843 in the nine months ended September 30, 2011 and 2010, respectively.

18. Cleveland Medical Mart Development Project

During 2010, two of our wholly owned subsidiaries entered into agreements with Cuyahoga County, Ohio (the "County") to develop and operate the Cleveland Medical Mart and Convention Center (the "Facility"), a 1,000,000 square foot showroom, trade show and conference center in Cleveland's central business district. The County will fund the development of the Facility, using the proceeds it received from the issuance of general obligation bonds and other sources, up to the development budget of $465,000,000 and maintain effective control of the property. During the 17-year development and operating period, our subsidiaries will receive net settled payments of approximately $10,000,000 per year, which are net of its $36,000,000 annual obligation to the County. Our subsidiaries' obligation has been pledged by the County to the bondholders, but is payable by our subsidiaries only to the extent that they first receive at least an equal payment from the County. Our subsidiaries engaged a contractor to construct the Facility pursuant to a guaranteed maximum price contract; although our subsidiaries are ultimately responsible for cost overruns, the contractor is responsible for all costs incurred in excess of its contract and has provided a completion guaranty. Construction of the Facility is expected to be completed in 2013. Upon completion, our subsidiaries are required to fund $11,500,000, primarily for tenant improvements, and they are responsible for operating expenses and are entitled to the net operating income, if any, of the Facility. The County may terminate the operating agreement five years from the completion of development and periodically thereafter, if our subsidiaries fail to achieve certain performance thresholds.

We account for these agreements using criteria set forth in ASC 605-25, *Multiple-Element Arrangements,* as our subsidiaries are providing development, marketing, leasing, and other property management related services over the 17-year term. We recognize development fees using the percentage of completion method of accounting. In the three and nine months ended September 30, 2011, we recognized $35,135,000 and $108,203,000 of revenue, respectively, which is offset by development costs expensed of $33,419,000 and $101,637,000, respectively.

19. Commitments and Contingencies

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and all risk property and rental value insurance with limits of $2.0 billion per occurrence, including coverage for terrorist acts, with sub-limits for certain perils such as floods. Our California properties have earthquake insurance with coverage of $180,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, up to a $180,000,000 annual aggregate.

Penn Plaza Insurance Company, LLC ("PPIC"), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological ("NBCR") acts, as defined by the Terrorism Risk Insurance Program Reauthorization Act. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. Coverage for NBCR losses is up to $2 billion per occurrence, for which PPIC is responsible for a deductible of $3,200,000 and 15% of the balance of a covered loss and the Federal government is responsible for the remaining 85% of a covered loss. We are ultimately responsible for any loss borne by PPIC.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism. However, we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years.

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes, exchangeable senior debentures, convertible senior debentures and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. Further, if lenders insist on greater coverage than we are able to obtain it could adversely affect our ability to finance our properties and expand our portfolio.

19. Commitments and Contingencies – continued

Other Commitments and Contingencies

Our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of September 30, 2011, the aggregate dollar amount of these guarantees and master leases is approximately $151,959,000.

At September 30, 2011, $22,085,000 of letters of credit were outstanding under one of our revolving credit facilities. Our credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

Each of our properties has been subjected to varying degrees of environmental assessment at various times. The environmental assessments did not reveal any material environmental contamination. However, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to us.

As part of the process of obtaining the required approvals to demolish and develop our 220 Central Park South property into a new residential tower, we have committed to fund the estimated project cost of approximately $400,000,000 to $425,000,000. In addition, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $264,000,000.

Litigation

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters, including the matter referred to below, is not expected to have a material adverse effect on our financial position, results of operations or cash flows.

On January 8, 2003, Stop & Shop filed a complaint with the United States District Court for the District of New Jersey (“USDC-NJ”) claiming that we had no right to reallocate and therefore continue to collect the $5,000,000 of annual rent from Stop & Shop pursuant to the Master Agreement and Guaranty, because of the expiration of the East Brunswick, Jersey City, Middletown, Union and Woodbridge leases to which the $5,000,000 of additional rent was previously allocated. Stop & Shop asserted that a prior order of the Bankruptcy Court for the Southern District of New York dated February 6, 2001, as modified on appeal to the District Court for the Southern District of New York on February 13, 2001, froze our right to reallocate which effectively terminated our right to collect the additional rent from Stop & Shop. On March 3, 2003, after we moved to dismiss for lack of jurisdiction, Stop & Shop voluntarily withdrew its complaint. On March 26, 2003, Stop & Shop filed a new complaint in New York State Supreme Court, asserting substantially the same claims as in its USDC-NJ complaint. We removed the action to the United States District Court for the Southern District of New York. In January 2005, that court remanded the action to the New York State Supreme Court. On February 14, 2005, we served an answer in which we asserted a counterclaim seeking a judgment for all the unpaid additional rent accruing through the date of the judgment and a declaration that Stop & Shop will continue to be liable for the additional rent as long as any of the leases subject to the Master Agreement and Guaranty remain in effect. On May 17, 2005, we filed a motion for summary judgment. On July 15, 2005, Stop & Shop opposed our motion and filed a cross-motion for summary judgment. On December 13, 2005, the Court issued its decision denying the motions for summary judgment. Both parties appealed the Court’s decision and on December 14, 2006, the Appellate Court division issued a decision affirming the Court’s decision. On January 16, 2007, we filed a motion for the reconsideration of one aspect of the Appellate Court’s decision which was denied on March 13, 2007. A trial was held in November 2010 and closing arguments were held in March 2011. As of September 30, 2011, we have a $40,733,000 receivable from Stop & Shop, of which $23,105,000 has been reserved. We believe, after consultation with counsel, that the maximum reasonably possible loss is up to the total amount of the receivable of $40,733,000.

20. Segment Information

Below is a summary of net income and a reconciliation of net income to EBITDA[(1)] by segment for the three and nine months ended September 30, 2011 and 2010.

(Amounts in thousands)	For the Three Months Ended September 30, 2011						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other[(3)]
Property rentals	$ 530,086	$ 196,123	$ 133,156	$ 105,788	$ 46,278	$ -	$ 48,741
Straight-line rent adjustments	14,963	3,998	6,673	4,696	(1,006)	-	602
Amortization of acquired below-market leases, net	16,100	8,153	547	6,268	21	-	1,111
Total rentals	561,149	208,274	140,376	116,752	45,293	-	50,454
Tenant expense reimbursements	94,053	43,025	9,328	36,297	2,972	-	2,431
Cleveland Medical Mart development project	35,135	-	-	-	35,135	-	-
Fee and other income:							
Tenant cleaning fees	15,647	24,047	-	-	-	-	(8,400)
Management and leasing fees	4,361	1,653	2,670	541	45	-	(548)
Lease termination fees	4,803	3,540	1,002	261	-	-	-
Other	12,195	5,212	5,232	1,155	988	-	(392)
Total revenues	727,343	285,751	158,608	155,006	84,433	-	43,545
Operating expenses	285,659	129,472	51,791	57,412	30,803	-	16,181
Depreciation and amortization	134,074	47,038	33,885	30,080	10,372	-	12,699
General and administrative	46,452	4,461	6,505	6,721	9,534	-	19,231
Cleveland Medical Mart development project	33,419	-	-	-	33,419	-	-
Tenant buy-outs and other acquisition related costs	2,288	-	-	1,593	-	-	695
Total expenses	501,892	180,971	92,181	95,806	84,128	-	48,806
Operating income (loss)	225,451	104,780	66,427	59,200	305	-	(5,261)
(Loss) applicable to Toys	(9,304)	-	-	-	-	(9,304)	-
Income (loss) from partially owned entities	13,552	(5,136)	(1,356)	889	38	-	19,117
Income from Real Estate Fund	5,353	-	-	-	-	-	5,353
Interest and other investment (loss) income, net	(29,994)	146	39	3	17	-	(30,199)
Interest and debt expense	(136,672)	(35,395)	(30,256)	(23,176)	(9,365)	-	(38,480)
Net gain on disposition of wholly owned and partially owned assets	1,298	-	-	-	-	-	1,298
Income (loss) before income taxes	69,684	64,395	34,854	36,916	(9,005)	(9,304)	(48,172)
Income tax expense	(7,144)	(678)	(960)	-	(890)	-	(4,616)
Income (loss) from continuing operations	62,540	63,717	33,894	36,916	(9,895)	(9,304)	(52,788)
Income from discontinued operations	3,683	165	-	818	2,700	-	-
Net income (loss)	66,223	63,882	33,894	37,734	(7,195)	(9,304)	(52,788)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(5,636)	(2,219)	-	110	-	-	(3,527)
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(6,825)	-	-	-	-	-	(6,825)
Net income (loss) attributable to Vornado	53,762	61,663	33,894	37,844	(7,195)	(9,304)	(63,140)
Interest and debt expense[(2)]	197,864	39,526	33,703	24,368	9,523	38,018	52,726
Depreciation and amortization[(2)]	193,394	53,936	38,085	30,946	12,230	34,293	23,904
Income tax (benefit) expense[(2)]	(7,350)	736	925	-	890	(15,135)	5,234
EBITDA[(1)]	$ 437,670	$ 155,861	$ 106,607	$ 93,158	$ 15,448	$ 47,872	$ 18,724

See notes on page 35.

20. Segment Information – continued

(Amounts in thousands)	For the Three Months Ended September 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other[3]
Property rentals	$ 526,776	$ 194,815	$ 146,439	$ 97,625	$ 42,774	$ -	$ 45,123
Straight-line rent adjustments	15,986	7,573	347	7,441	(457)	-	1,082
Amortization of acquired below-market leases, net	16,756	8,936	594	5,820	15	-	1,391
Total rentals	559,518	211,324	147,380	110,886	42,332	-	47,596
Tenant expense reimbursements	95,341	40,387	15,129	35,688	2,784	-	1,353
Fee and other income:							
Tenant cleaning fees	13,613	21,721	-	-	-	-	(8,108)
Management and leasing fees	3,555	1,428	2,772	214	(2)	-	(857)
Lease termination fees	2,301	1,220	728	346	7	-	-
Other	12,797	5,505	5,554	1,016	800	-	(78)
Total revenues	687,125	281,585	171,563	148,150	45,921	-	39,906
Operating expenses	275,077	124,152	58,327	52,309	26,391	-	13,898
Depreciation and amortization	130,599	44,131	36,764	26,329	9,853	-	13,522
General and administrative	55,200	4,504	5,984	8,843	6,010	-	29,859
Tenant buy-outs and other acquisition related costs	921	-	-	-	-	-	921
Total expenses	461,797	172,787	101,075	87,481	42,254	-	58,200
Operating income (loss)	225,328	108,798	70,488	60,669	3,667	-	(18,294)
(Loss) applicable to Toys	(2,557)	-	-	-	-	(2,557)	-
(Loss) income from partially owned entities	(1,996)	1,705	(1,095)	833	8	-	(3,447)
(Loss) from Real Estate Fund	(1,410)	-	-	-	-	-	(1,410)
Interest and other investment income (loss), net	47,096	139	81	(46)	11	-	46,911
Interest and debt expense	(145,561)	(33,293)	(33,367)	(24,199)	(9,556)	-	(45,146)
Net (loss) on extinguishment of debt	(724)	-	-	-	-	-	(724)
Net gain on disposition of wholly owned and partially owned assets	5,072	-	-	-	-	-	5,072
Income (loss) before income taxes	125,248	77,349	36,107	37,257	(5,870)	(2,557)	(17,038)
Income tax (expense) benefit	(5,449)	(861)	(1,001)	(2)	714	-	(4,299)
Income (loss) from continuing operations	119,799	76,488	35,106	37,255	(5,156)	(2,557)	(21,337)
(Loss) income from discontinued operations	(3,667)	30	1,410	(3,642)	(1,465)	-	-
Net income (loss)	116,132	76,518	36,516	33,613	(6,621)	(2,557)	(21,337)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(296)	(2,442)	-	397	-	-	1,749
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(11,584)	-	-	-	-	-	(11,584)
Net income (loss) attributable to Vornado	104,252	74,076	36,516	34,010	(6,621)	(2,557)	(31,172)
Interest and debt expense[2]	208,294	31,817	34,241	26,395	15,883	40,558	59,400
Depreciation and amortization[2]	179,148	42,531	41,394	28,024	12,782	30,079	24,338
Income tax (benefit) expense[2]	(23,013)	861	1,054	2	(714)	(27,501)	3,285
EBITDA[1]	$ 468,681	$ 149,285	$ 113,205	$ 88,431	$ 21,330	$ 40,579	$ 55,851

See notes on page 35.

20. Segment Information – continued

(Amounts in thousands)	For the Nine Months Ended September 30, 2011						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other[3]
Property rentals	$ 1,604,451	$ 586,797	$ 413,810	$ 316,729	$ 154,485	$ -	$ 132,630
Straight-line rent adjustments	34,713	15,777	5,962	12,556	(2,059)	-	2,477
Amortization of acquired below-market leases, net	49,387	24,549	1,525	19,899	55	-	3,359
Total rentals	1,688,551	627,123	421,297	349,184	152,481	-	138,466
Tenant expense reimbursements	264,857	108,267	27,561	111,519	9,121	-	8,389
Cleveland Medical Mart development project	108,203	-	-	-	108,203	-	-
Fee and other income:							
Tenant cleaning fees	46,479	71,156	-	-	-	-	(24,677)
Management and leasing fees	15,456	5,260	9,629	2,439	348	-	(2,220)
Lease termination fees	12,478	9,176	3,013	289	-	-	-
Other	37,826	15,078	15,894	4,241	2,832	-	(219)
Total revenues	2,173,850	836,060	477,394	467,672	272,985	-	119,739
Operating expenses	841,266	367,291	150,375	173,623	99,266	-	50,711
Depreciation and amortization	393,846	138,837	101,634	85,653	29,113	-	38,609
General and administrative	155,566	14,389	19,504	22,034	23,855	-	75,784
Cleveland Medical Mart development project	101,637	-	-	-	101,637	-	-
Tenant buy-outs and other acquisition related costs	22,455	-	-	16,593	3,040	-	2,822
Total expenses	1,514,770	520,517	271,513	297,903	256,911	-	167,926
Operating income (loss)	659,080	315,543	205,881	169,769	16,074	-	(48,187)
Income applicable to Toys	80,794	-	-	-	-	80,794	-
Income (loss) from partially owned entities	56,239	(4,893)	(6,038)	2,131	292	-	64,747
Income from Real Estate Fund	25,491	-	-	-	-	-	25,491
Interest and other investment income, net	95,121	466	119	5	35	-	94,496
Interest and debt expense	(408,532)	(103,514)	(89,911)	(69,482)	(28,140)	-	(117,485)
Net gain on disposition of wholly owned and partially owned assets	7,975	-	-	-	-	-	7,975
Income (loss) before income taxes	516,168	207,602	110,051	102,423	(11,739)	80,794	27,037
Income tax expense	(19,448)	(1,637)	(2,267)	(5)	(2,211)	-	(13,328)
Income (loss) from continuing operations	496,720	205,965	107,784	102,418	(13,950)	80,794	13,709
Income from discontinued operations	146,293	398	46,466	9,217	90,212	-	-
Net income	643,013	206,363	154,250	111,635	76,262	80,794	13,709
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(20,643)	(6,815)	-	196	-	-	(14,024)
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(47,364)	-	-	-	-	-	(47,364)
Net income (loss) attributable to Vornado	575,006	199,548	154,250	111,831	76,262	80,794	(47,679)
Interest and debt expense[2]	599,668	108,473	100,017	73,000	32,025	121,546	164,607
Depreciation and amortization[2]	561,738	146,650	118,290	88,322	34,632	101,862	71,982
Income tax expense[2]	42,135	1,695	2,380	5	2,211	29,914	5,930
EBITDA[1]	$ 1,778,547	$ 456,366	$ 374,937	$ 273,158	$ 145,130	$ 334,116	$ 194,840

See notes on page 35.

20. Segment Information – continued

(Amounts in thousands)	For the Nine Months Ended September 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other[3]
Property rentals	$ 1,560,473	$ 582,090	$ 426,217	$ 284,808	$ 145,206	$ -	$ 122,152
Straight-line rent adjustments	53,018	22,642	5,519	21,699	628	-	2,530
Amortization of acquired below-market leases, net	48,476	27,312	1,836	14,897	(91)	-	4,522
Total rentals	1,661,967	632,044	433,572	321,404	145,743	-	129,204
Tenant expense reimbursements	271,040	105,968	42,592	107,799	8,876	-	5,805
Fee and other income:							
Tenant cleaning fees	40,733	62,778	-	-	-	-	(22,045)
Management and leasing fees	16,075	4,278	13,252	759	31	-	(2,245)
Lease termination fees	10,112	4,245	1,256	4,182	429	-	-
Other	37,918	14,428	16,452	2,284	3,471	-	1,283
Total revenues	2,037,845	823,741	507,124	436,428	158,550	-	112,002
Operating expenses	802,927	349,934	163,097	159,131	85,915	-	44,850
Depreciation and amortization	393,259	131,911	108,994	80,550	30,111	-	41,693
General and administrative	153,231	13,824	18,079	22,591	20,252	-	78,485
Tenant buy-outs and other acquisition related costs	2,851	-	-	-	-	-	2,851
Total expenses	1,352,268	495,669	290,170	262,272	136,278	-	167,879
Operating income (loss)	685,577	328,072	216,954	174,156	22,272	-	(55,877)
Income applicable to Toys	102,309	-	-	-	-	102,309	-
Income (loss) from partially owned entities	13,800	4,345	(1,099)	3,353	239	-	6,962
(Loss) from Real Estate Fund	(1,410)	-	-	-	-	-	(1,410)
Interest and other investment income, net	65,676	466	130	143	35	-	64,902
Interest and debt expense	(423,354)	(99,026)	(101,592)	(62,047)	(28,383)	-	(132,306)
Net (loss) on extinguishment of debt	(1,796)	-	-	-	-	-	(1,796)
Net gain on disposition of wholly owned and partially owned assets	12,759	-	-	-	765	-	11,994
Income (loss) before income taxes	453,561	233,857	114,393	115,605	(5,072)	102,309	(107,531)
Income tax (expense) benefit	(15,993)	(1,670)	(1,092)	(37)	118	-	(13,312)
Income (loss) from continuing operations	437,568	232,187	113,301	115,568	(4,954)	102,309	(120,843)
(Loss) income from discontinued operations	(11,681)	106	(5,776)	(1,539)	(4,472)	-	-
Net income (loss)	425,887	232,293	107,525	114,029	(9,426)	102,309	(120,843)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(1,490)	(7,290)	-	895	-	-	4,905
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(33,487)	-	-	-	-	-	(33,487)
Net income (loss) attributable to Vornado	390,910	225,003	107,525	114,924	(9,426)	102,309	(149,425)
Interest and debt expense[2]	611,993	94,404	104,355	68,275	45,370	123,791	175,798
Depreciation and amortization[2]	549,400	127,341	120,929	85,335	39,049	99,850	76,896
Income tax expense (benefit)[2]	13,553	1,670	1,161	37	(59)	(1,914)	12,658
EBITDA[1]	$ 1,565,856	$ 448,418	$ 333,970	$ 268,571	$ 74,934	$ 324,036	$ 115,927

See notes on the following page.

20. Segment Information - continued

Notes to preceding tabular information:

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a supplemental measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, we utilize this measure to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Interest and debt expense, depreciation and amortization and income tax (benefit) expense in the reconciliation of net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The components of other EBITDA are summarized below. The totals for each of the columns below agree to the total EBITDA for the "other" column in the preceding EBITDA by segment reconciliations.

(Amounts in thousands)	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Our share of Real Estate Fund:				
Operations	$ 743	$ (319)	$ 2,550	$ (319)
Net unrealized gains	1,410	-	4,802	-
Net realized gains	-	-	771	-
Carried interest (reversal) accrual	(475)	-	1,665	-
Total	1,678	(319)	9,788	(319)
Alexander's	14,588	13,288	45,577	41,947
LNR (acquired in July 2010) (1)	15,769	-	38,569	-
Lexington (2)	8,424	8,092	37,730	37,375
555 California Street	11,220	11,797	32,608	34,421
Hotel Pennsylvania	9,773	8,080	18,382	14,249
Other investments	10,075	4,004	30,011	22,619
	71,527	44,942	212,665	150,292
Corporate general and administrative expenses (3)	(21,585)	(20,712)	(62,964)	(60,668)
Investment income and other, net (3)	12,530	15,808	38,860	41,876
Mezzanine loans loss reversal (accrual) and net gain on disposition	-	-	82,744	(6,900)
(Loss) income from the mark-to-market of J.C. Penney derivative position	(37,537)	32,249	(27,136)	32,249
Net gain on sale of condominiums	1,298	-	5,884	3,149
Acquisition related costs	(684)	(921)	(4,398)	(2,851)
Real Estate Fund placement fees	-	(3,207)	(3,451)	(5,937)
Net loss on extinguishment of debt	-	(724)	-	(1,796)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(6,825)	(11,584)	(47,364)	(33,487)
	$ 18,724	$ 55,851	$ 194,840	$ 115,927

(1) The nine months ended September 30, 2011 includes $6,020 for our share of net gains from asset sales and $8,977 for our share of a tax settlement gain.

(2) Includes net gains of $9,760 and $5,998 in the nine months ended September 30, 2011 and 2010, respectively, resulting from Lexington's stock issuances.

(3) The amounts in these captions (for this table only) exclude the mark-to-market of our deferred compensation plan assets and offsetting liability.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Trustees
Vornado Realty Trust
New York, New York

We have reviewed the accompanying consolidated balance sheet of Vornado Realty Trust (the "Company") as of September 30, 2011, and the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2011 and 2010, and of changes in equity and cash flows for the nine-month periods ended September 30, 2011 and 2010. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Vornado Realty Trust as of December 31, 2010, and the related consolidated statements of income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated February 23, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2010 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
November 3, 2011

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements contained in this Quarterly Report constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "approximates," "believes," "expects," "anticipates," "estimates," "intends," "plans," "would," "may" or other similar expressions in this Quarterly Report on Form 10-Q. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or the date of any document incorporated by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes a discussion of our consolidated financial statements for the three and nine months ended September 30, 2011. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Critical Accounting Policies

A summary of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2010 in Management's Discussion and Analysis of Financial Condition. There have been no significant changes to our policies during 2011.

Overview

Business Objective and Operating Strategy

Our business objective is to maximize shareholder value, which we measure by the total return provided to our shareholders. Below is a table comparing our performance to the Morgan Stanley REIT Index ("RMS") and the SNL REIT Index ("SNL") for the following periods ended September 30, 2011:

	Total Return[1]		
	Vornado	RMS	SNL
One-year	(9.9%)	1.3%	1.2%
Three-year	(9.2%)	(5.0%)	(4.0%)
Five-year	(18.7%)	(12.2%)	(8.9%)
Ten-year	196.5%	139.6%	149.5%

(1) Past performance is not necessarily indicative of future performance.

We intend to achieve our business objective by continuing to pursue our investment philosophy and executing our operating strategies through:

- Maintaining a superior team of operating and investment professionals and an entrepreneurial spirit;
- Investing in properties in select markets, such as New York City and Washington, DC, where we believe there is a high likelihood of capital appreciation;
- Acquiring quality properties at a discount to replacement cost and where there is a significant potential for higher rents;
- Investing in retail properties in select under-stored locations such as the New York City metropolitan area;
- Developing and redeveloping existing properties to increase returns and maximize value; and
- Investing in operating companies that have a significant real estate component.

We expect to finance our growth, acquisitions and investments using internally generated funds, proceeds from possible asset sales and by accessing the public and private capital markets. We may also offer Vornado common or preferred shares or Operating Partnership units in exchange for property and may repurchase or otherwise reacquire our shares or any other securities in the future.

We compete with a large number of real estate property owners and developers, some of which may be willing to accept lower returns on their investments. Principal factors of competition are rents charged, attractiveness of location, the quality of the property and the breadth and the quality of services provided. Our success depends upon, among other factors, trends of the national, regional and local economies, the financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends. See "Item 1A. Risk Factors" in our Annual Report on Form 10-K, as amended, for additional information regarding these factors.

Overview - continued

Recently Issued Accounting Literature

In June 2011, the Financial Accounting Standards Board ("FASB") issued an update to Accounting Standards Codification ("ASC") 220, *Comprehensive Income*, which requires, among other things, presentation of the components of net income and other comprehensive income in one continuous statement or in two separate but consecutive statements. This update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. We believe that the adoption of this guidance on January 1, 2012 will not have a material effect on our consolidated financial statements.

2011 Acquisitions and Investments

One Park Avenue

On March 1, 2011, we as a co-investor, together with the Fund, acquired a 95% interest in One Park Avenue, a 932,000 square foot office building located between 32nd and 33rd Streets in New York, for $374,000,000. The purchase price consisted of $137,000,000 in cash and 95% of a new $250,000,000 five-year mortgage that bears interest at 5.0%.

280 Park Avenue Joint Venture

On March 16, 2011, we formed a 50/50 joint venture with SL Green Realty Corp ("SL Green") to own the mezzanine debt of 280 Park Avenue, a 1.2 million square foot office building located between 48th and 49th Streets in Manhattan (the "Property"). We contributed our mezzanine loan with a face amount of $73,750,000 and they contributed their mezzanine loans with a face amount of $326,250,000 to the joint venture. We equalized our interest in the joint venture with SL Green by paying them $111,250,000 in cash and assuming $15,000,000 of their debt. On May 17, 2011, as part of the recapitalization of the Property, the joint venture contributed its debt position for 99% of the common equity of a new joint venture which owns the Property. The new joint venture expects to spend $150,000,000 for re-tenanting and repositioning the Property.

Independence Plaza

On June 17, 2011, a joint venture in which we are a 51% partner invested $55,000,000 in cash (of which we contributed $35,000,000) to acquire a face amount of $150,000,000 of mezzanine loans and a $35,000,000 participation in a senior loan on Independence Plaza, a residential complex comprised of three 39-story buildings in the Tribeca submarket of Manhattan.

2011 Dispositions

On March 31, 2011, the receiver completed the disposition of the High Point Complex in North Carolina. In connection therewith, the property and related debt were removed from our consolidated balance sheet and we recognized a net gain of $83,907,000 on the extinguishment of debt.

During 2011, we sold 1140 Connecticut Avenue and 1227 25th Street for $127,000,000 in cash, which resulted in a $45,862,000 net gain, and three retail properties in separate transactions for an aggregate of $40,990,000 in cash, which resulted in net gains aggregating $5,761,000.

Overview - continued

2011 Financing Activities

In January 2011, we completed a $60,000,000 financing of land under a portion of the Borgata Hotel and Casino complex. The 10-year fixed rate loan bears interest at 5.14% and amortizes based on a 30-year schedule beginning in the third year.

On January 10, 2011, we completed a $75,000,000 financing of North Bergen (Tonnelle Avenue), a 410,000 square foot strip shopping center. The seven-year fixed rate loan bears interest rate at 4.59% and amortizes based on a 25-year schedule beginning in the sixth year. This property was previously unencumbered.

On January 18, 2011, we repaid the outstanding balance of the construction loan on 220 20th Street and closed on a $76,100,000 mortgage at a fixed rate of 4.61%. The loan has a seven-year term and amortizes based on a 30-year schedule.

On February 10, 2011, we completed a $150,000,000 financing of 2121 Crystal Drive, a 506,000 square foot office building located in Crystal City, Arlington, Virginia. The 12-year fixed rate loan bears interest at 5.51% and amortizes based on a 30-year schedule beginning in the third year. This property was previously unencumbered.

On February 11, 2011, we completed a $425,000,000 refinancing of Two Penn Plaza, a 1.6 million square foot Manhattan office building. The seven-year loan bears interest at LIBOR plus 2.00%, which was swapped for the term of the loan to a fixed rate of 5.13%. The loan amortizes based on a 30-year schedule beginning in the fourth year. We retained net proceeds of approximately $139,000,000 after repaying the existing loan and closing costs.

On April 20, 2011, we sold 7,000,000 6.875% Series J Cumulative Redeemable Preferred Shares at a price of $25.00 per share, in an underwritten public offering pursuant to an effective registration statement. On April 21, 2011, the underwriters exercised their option to purchase an additional 1,050,000 shares to cover over-allotments. On May 5, 2011 and August 5, 2011 we sold an additional 800,000 and 1,000,000 shares, respectively, at a price of $25.00 per share. We retained aggregate net proceeds of $239,037,000, after underwriters' discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 9,850,000 Series J Preferred Units (with economic terms that mirror those of the Series J Preferred Shares). Dividends on the Series J Preferred Shares are cumulative and payable quarterly in arrears. The Series J Preferred Shares are not convertible into, or exchangeable for, any of our properties or securities. On or after five years from the date of issuance (or sooner under limited circumstances), we, at our option, may redeem the Series J Preferred Shares at a redemption price of $25.00 per share, plus accrued and unpaid dividends through the date of redemption. The Series J Preferred Shares have no maturity date and will remain outstanding indefinitely unless redeemed by us.

In May 2011, we repaid the outstanding balance of the construction loan on West End 25, and closed on a $101,671,000 mortgage at a fixed rate of 4.88%. The loan has a 10-year term and amortizes based on a 30-year schedule beginning in the sixth year.

On June 8, 2011, we renewed one of our two unsecured revolving credit facilities, and increased it to $1,250,000,000 from $1,000,000,000. The renewed facility matures in four years, has a one-year extension option and bears interest on drawn amounts at LIBOR plus 1.35% and has a .30% facility fee (drawn or undrawn), based on our credit ratings. We plan to renew our second revolving credit facility of $1,595,000,000, which matures in September 2012, with a new $1,250,000,000 facility that has a four-year term, with a one-year extension option and bears interest on drawn amounts at LIBOR plus 1.25% and has a .25% facility fee (drawn or undrawn), based on our credit ratings.

On September 1, 2011, we completed a $600,000,000 refinancing of 555 California Street, a three-building office complex aggregating 1.8 million square feet in San Francisco's financial district, known as the Bank of America center, in which we own a 70% controlling interest. The 10-year loan bears interest at 5.10% and amortizes based on a 30-year schedule beginning in the fourth year. The proceeds of the new loan and $45,000,000 of existing cash were used to repay the existing loan and closing costs.

Overview - continued

Quarter Ended September 30, 2011 Financial Results Summary

Net income attributable to common shareholders for the quarter ended September 30, 2011 was $41,135,000, or $0.22 per diluted share, compared to $95,192,000, or $0.52 per diluted share, for the quarter ended September 30, 2010. Net income for the quarter ended September 30, 2011 includes $3,591,000 of net gains on sale of real estate. In addition, the quarters ended September 30, 2011 and 2010 include certain other items that affect comparability, which are listed in the table below. The aggregate of 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 by $26,352,000, or $0.14 per diluted share for the quarter ended September 30, 2011 and increased net income attributable to common shareholders for the quarter ended September 30, 2010 by 22,274,000, or $0.12 per diluted share.

Funds From Operations attributable to common shareholders plus assumed conversions ("FFO") for the quarter ended September 30, 2011 was $195,125,000, or $1.05 per diluted share, compared to $248,964,000, or $1.31 per diluted share, for the prior year's quarter. FFO for the quarters ended September 30, 2011 and 2010 include certain items that affect comparability which are listed in the table below. The aggregate of these items, net of amounts attributable to noncontrolling interests, decreased FFO by $27,759,000, or $0.15 per diluted share for the quarter ended September 30, 2011 and increased FFO for the quarter ended September 30, 2010 by $27,464,000, or $0.14 per diluted share.

	For the Three Months Ended September 30,	
(Amounts in thousands)	2011	2010
Items that affect comparability income (expense):		
(Loss) income from the mark-to-market of J.C. Penney derivative position	$ (37,537)	$ 32,249
Merchandise Mart restructuring costs	(3,722)	-
Buy-out of a below market lease	(1,593)	-
Acquisitions costs and impairment losses	(684)	(5,921)
Discount on preferred share and unit redemptions	5,000	4,382
Net gain on sale of condominiums	1,298	-
Real Estate Fund placement fees	-	(3,752)
Default interest and fees accrued on loans in special servicing	-	(5,887)
FFO attributable to discontinued operations	5,777	10,117
Other, net	1,780	(1,647)
	(29,681)	29,541
Noncontrolling interests' share of above adjustments	1,922	(2,077)
Items that affect comparability, net	$ (27,759)	$ 27,464

The percentage increase (decrease) in GAAP basis and cash basis same store Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") of our operating segments for the quarter ended September 30, 2011 over the quarter ended September 30, 2010 and the trailing quarter ended June 30, 2011 are summarized below.

Same Store EBITDA:	New York Office	Washington, DC Office	Retail	Merchandise Mart
September 30, 2011 vs. September 30, 2010				
GAAP basis	(1.1%)	0.4%	0.9%	(2.2%)
Cash Basis	1.6%	1.3%	1.1%	0.5%
September 30, 2011 vs. June 30, 2011				
GAAP basis	(0.3%)	(0.9%)	0.9%	(21.8%)**(1)**
Cash Basis	0.7%	(0.6%)	(1.9%)	(20.2%)**(1)**

(1) Primarily due to the timing of Trade Shows.

Overview - continued

Nine Months Ended September 30, 2011 Financial Results Summary

Net income attributable to common shareholders for the nine months ended September 30, 2011 was $532,263,000, or $2.86 per diluted share, compared to $353,317,000, or $1.92 per diluted share, for the nine months ended September 30, 2010. Net income for the nine months ended September 30, 2011 and 2010 include $59,474,000 and $307,000, respectively, of net gains on sale of real estate. In addition, nine months ended September 30, 2011 and 2010 include certain items that affect comparability which are listed in the table below. The aggregate of net gains on sale of real estate and the items in the table below, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders by $208,608,000 or $1.12 per diluted share for the nine months ended September 30, 2011 and $16,206,000, or $0.09 per diluted share for the nine months ended September 30, 2010.

FFO for the nine months ended September 30, 2011 was $951,054,000, or $4.96 per diluted share, compared to $814,030,000, or $4.29 per diluted share, for the nine months ended September 30, 2010. FFO for nine months ended September 30, 2011 and 2010 includes certain items that affect comparability which are listed in the table below. The aggregate of these items, net of amounts attributable to noncontrolling interests, increased FFO by $159,303,000 or $0.83 per diluted share for the nine months ended September 30, 2011 and $31,685,000, or $0.17 per diluted share for the nine months ended September 30, 2010.

	For the Nine Months Ended September 30,	
(Amounts in thousands)	2011	2010
Items that affect comparability income (expense):		
Net gain (loss) on extinguishment of debt	$ 83,907	$ (1,796)
Mezzanine loans loss reversal (accrual) and net gain on disposition	82,744	(6,900)
Our share of LNR's asset sales and tax settlement gains	14,997	-
Net gain resulting from Lexington's stock issuances	9,760	5,998
Discount on preferred share and unit redemptions	7,000	11,354
Net gain on sale of condominiums	5,884	3,149
(Loss) income from the mark-to-market of J.C. Penney derivative position	(27,136)	32,249
Buy-out of below-market leases	(16,593)	-
Acquisition costs, litigation loss accrual and impairment losses	(4,398)	(17,907)
Merchandise Mart restructuring costs	(3,722)	-
Real Estate Fund placement fees	(3,451)	(6,482)
Default interest and fees accrued on loans in special servicing	-	(12,445)
FFO attributable to discontinued operations	17,188	26,308
Other, net	3,828	524
	170,008	34,052
Noncontrolling interests' share of above adjustments	(10,705)	(2,367)
Items that affect comparability, net	$ 159,303	$ 31,685

The percentage increase (decrease) in GAAP basis and cash basis same store EBITDA of our operating segments for the nine months ended September 30, 2011 over the nine months ended September 30, 2010 is summarized below.

Same Store EBITDA:	New York Office	Washington, DC Office	Retail	Merchandise Mart
September 30, 2011 vs. September 30, 2010				
GAAP basis	(1.3%)	2.1%	3.3%	(1.5%)
Cash Basis	0.5%	2.5%	6.5%	2.0%

Calculations of same store EBITDA, reconciliations of our net income to EBITDA and FFO and the reasons we consider these non-GAAP financial measures useful are provided in the following pages of Management's Discussion and Analysis of the Financial Condition and Results of Operations.

Overview - continued

The leasing activity presented below is based on leases signed during the period and is not intended to coincide with the commencement of rental revenue in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Tenant improvements and leasing commissions presented below are based on our share of square feet leased during the period.

(Square feet in thousands)	New York		Washington, DC				Merchandise Mart			
As of September 30, 2011:	**Office**		**Office**		**Retail [4]**		**Office**		**Showroom**	
Total square feet (in service)		19,206		20,596		25,379		1,524		4,046
Our share of square feet (in service)		16,795		17,860		23,154		1,524		4,046
Number of properties		29		82		155		5		5
Occupancy rate		95.4%		90.4%[3]		92.3%		91.3%		91.9%
Leasing Activity:										
Quarter Ended September 30, 2011:										
Total square feet leased		839		392		427		149		144
Our share of square feet leased:		723		359		425		149		144
Initial rent [1]	$	55.05	$	42.51	$	26.65	$	27.34	$	38.28
Weighted average lease term (years)		9.7		4.5		10.1		7.2		6.5
Relet space (included above):										
Square feet		708		331		167		149		144
Cash basis:										
Initial rent [1]	$	54.98	$	42.91	$	31.66	$	27.34	$	38.28
Prior escalated rent	$	41.58	$	39.82	$	28.73	$	28.63	$	39.31
Percentage increase (decrease)		32.2%		7.8%		10.2%		(4.5%)		(2.6%)
GAAP basis:										
Straight-line rent [2]	$	55.38	$	42.18	$	32.82	$	27.69	$	38.13
Prior straight-line rent	$	42.78	$	38.14	$	28.36	$	25.53	$	34.99
Percentage increase		29.4%		10.6%		15.7%		8.5%		9.0%
Tenant improvements and leasing commissions:										
Per square foot	$	51.45	$	23.29	$	7.54	$	56.01	$	12.68
Per square foot per annum:	$	5.30	$	5.18	$	0.75	$	7.79	$	1.96
Percentage of initial rent		9.6%		12.2%		2.8%		28.5%		5.1%
Nine Months Ended September 30, 2011:										
Total square feet leased		2,073		1,179		1,172		189		358
Our share of square feet leased:		1,507		1,031		1,140		189		358
Initial rent [1]	$	58.06	$	40.27	$	25.48	$	27.96	$	36.06
Weighted average lease term (years)		9.7		4.5		8.7		7.0		6.1
Relet space (included above):										
Square feet		1,257		929		439		189		358
Cash basis:										
Initial rent [1]	$	60.30	$	40.14	$	21.73	$	27.96	$	36.06
Prior escalated rent	$	48.94	$	38.47	$	19.70	$	28.55	$	37.35
Percentage increase (decrease)		23.2%		4.3%		10.3%		(2.1%)		(3.5%)
GAAP basis:										
Straight-line rent [2]	$	60.26	$	39.74	$	22.49	$	28.26	$	35.09
Prior straight-line rent	$	49.24	$	36.77	$	19.22	$	25.19	$	33.92
Percentage increase		22.4%		8.1%		17.0%		12.2%		3.4%
Tenant improvements and leasing commissions:										
Per square foot	$	50.76	$	19.72	$	7.03	$	52.09	$	7.10
Per square foot per annum:	$	5.23	$	4.38	$	0.81	$	7.41	$	1.16
Percentage of initial rent		9.0%		10.9%		3.2%		26.5%		3.2%

See notes on the following table.

Overview - continued

(Square feet in thousands)	New York	Washington, DC		Merchandise Mart	
As of June 30, 2011:	**Office**	**Office**	**Retail (4)**	**Office**	**Showroom**
Total square feet (in service)	19,386	20,550	25,443	1,462	4,107
Our share of square feet (in service)	16,966	17,821	23,472	1,462	4,107
Number of properties	30	82	158	5	5
Occupancy rate	95.6%	93.1% (3)	92.3%	91.3%	93.5%
As of December 31, 2010:					
Total square feet (in service)	17,454	21,149	25,557	1,448	4,122
Our share of square feet (in service)	16,194	17,823	23,453	1,448	4,122
Number of properties	28	82	161	5	5
Occupancy rate	95.6%	94.3% (3)	92.3%	91.8%	93.8%
As of September 30, 2010:					
Total square feet (in service)	17,432	21,205	25,298	1,446	4,123
Our share of square feet (in service)	16,180	18,247	22,907	1,446	4,123
Number of properties	28	82	163	5	5
Occupancy rate	96.0%	94.7% (3)	92.5%	91.5%	93.2%

(1) Represents the cash basis weighted average starting rent per square foot, which is generally indicative of market rents. Most leases include free rent and periodic step-ups in rent which are not included in the initial cash basis rent per square foot but are included in the GAAP basis straight-line rent per square foot.

(2) Represents the GAAP basis weighted average rent per square foot that is recognized over the term of the respective leases, and includes the effect of free rent and periodic step-ups in rent.

(3) Excluding residential and other properties, occupancy rates for the office properties were as follows.

September 30, 2011	89.0%	(See Base Realignment and Closure ("BRAC") discussion below)
June 30, 2011	92.2%	
December 31, 2010	94.0%	
September 30, 2010	94.3%	

(4) Mall sales per square foot, including partially owned malls, for the trailing twelve months ended September 30, 2011 and 2010 were $464 and $470, respectively.

BRAC

The tables below summarize the effect of BRAC on our Washington, DC Office Properties segment for square feet leased by the Department of Defense (“DOD”).

	Square Feet
DOD leases subject to BRAC	2,395,000
Less square feet already vacated	(396,000)
Less square feet to be taken out of service for redevelopment	(348,000)
Less square feet to be relet by the General Services Administration (leases pending)	(313,000)
DOD leases subject to BRAC expiring in the future per table below (see details below for expiration)	1,338,000

Year	Annual Escalated Rent of Expiring Leases Per Square Foot	Square Feet of Expiring Leases Total	Crystal City	Skyline	Rosslyn
Fourth Quarter 2011	$ 30.43	7,000	-	7,000	-
First Quarter 2012	38.13	241,000	203,000	38,000	-
Second Quarter 2012	39.60	171,000	171,000	-	-
Third Quarter 2012	41.47	380,000	251,000	119,000	10,000
Fourth Quarter 2012	n/a	-	-	-	-
Total 2012	40.05	792,000	625,000	157,000	10,000
2013	36.85	183,000	-	43,000	140,000
2014	32.76	330,000	128,000	202,000	-
2015	40.09	26,000	20,000	6,000	-
		1,338,000	773,000	415,000	150,000

Net Income and EBITDA by Segment for the Three Months Ended September 30, 2011 and 2010

Below is a summary of net income and a reconciliation of net income to EBITDA[1] by segment for the three months ended September 30, 2011 and 2010.

(Amounts in thousands)	For the Three Months Ended September 30, 2011						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other[3]
Property rentals	$ 530,086	$ 196,123	$ 133,156	$ 105,788	$ 46,278	$ -	$ 48,741
Straight-line rent adjustments	14,963	3,998	6,673	4,696	(1,006)	-	602
Amortization of acquired below-market leases, net	16,100	8,153	547	6,268	21	-	1,111
Total rentals	561,149	208,274	140,376	116,752	45,293	-	50,454
Tenant expense reimbursements	94,053	43,025	9,328	36,297	2,972	-	2,431
Cleveland Medical Mart development project	35,135	-	-	-	35,135	-	-
Fee and other income:							
Tenant cleaning fees	15,647	24,047	-	-	-	-	(8,400)
Management and leasing fees	4,361	1,653	2,670	541	45	-	(548)
Lease termination fees	4,803	3,540	1,002	261	-	-	-
Other	12,195	5,212	5,232	1,155	988	-	(392)
Total revenues	727,343	285,751	158,608	155,006	84,433	-	43,545
Operating expenses	285,659	129,472	51,791	57,412	30,803	-	16,181
Depreciation and amortization	134,074	47,038	33,885	30,080	10,372	-	12,699
General and administrative	46,452	4,461	6,505	6,721	9,534	-	19,231
Cleveland Medical Mart development project	33,419	-	-	-	33,419	-	-
Tenant buy-outs and other acquisition related costs	2,288	-	-	1,593	-	-	695
Total expenses	501,892	180,971	92,181	95,806	84,128	-	48,806
Operating income (loss)	225,451	104,780	66,427	59,200	305	-	(5,261)
(Loss) applicable to Toys	(9,304)	-	-	-	-	(9,304)	-
Income (loss) from partially owned entities	13,552	(5,136)	(1,356)	889	38	-	19,117
Income from Real Estate Fund	5,353	-	-	-	-	-	5,353
Interest and other investment (loss) income, net	(29,994)	146	39	3	17	-	(30,199)
Interest and debt expense	(136,672)	(35,395)	(30,256)	(23,176)	(9,365)	-	(38,480)
Net gain on disposition of wholly owned and partially owned assets	1,298	-	-	-	-	-	1,298
Income (loss) before income taxes	69,684	64,395	34,854	36,916	(9,005)	(9,304)	(48,172)
Income tax expense	(7,144)	(678)	(960)	-	(890)	-	(4,616)
Income (loss) from continuing operations	62,540	63,717	33,894	36,916	(9,895)	(9,304)	(52,788)
Income from discontinued operations	3,683	165	-	818	2,700	-	-
Net income (loss)	66,223	63,882	33,894	37,734	(7,195)	(9,304)	(52,788)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(5,636)	(2,219)	-	110	-	-	(3,527)
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(6,825)	-	-	-	-	-	(6,825)
Net income (loss) attributable to Vornado	53,762	61,663	33,894	37,844	(7,195)	(9,304)	(63,140)
Interest and debt expense[2]	197,864	39,526	33,703	24,368	9,523	38,018	52,726
Depreciation and amortization[2]	193,394	53,936	38,085	30,946	12,230	34,293	23,904
Income tax (benefit) expense[2]	(7,350)	736	925	-	890	(15,135)	5,234
EBITDA[1]	$ 437,670	$ 155,861	$ 106,607	$ 93,158	$ 15,448	$ 47,872	$ 18,724

See notes on page 47.

Net Income and EBITDA by Segment for the Three Months Ended September 30, 2011 and 2010 - continued

(Amounts in thousands)	For the Three Months Ended September 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other[3]
Property rentals	$ 526,776	$ 194,815	$ 146,439	$ 97,625	$ 42,774	$ -	$ 45,123
Straight-line rent adjustments	15,986	7,573	347	7,441	(457)	-	1,082
Amortization of acquired below-market leases, net	16,756	8,936	594	5,820	15	-	1,391
Total rentals	559,518	211,324	147,380	110,886	42,332	-	47,596
Tenant expense reimbursements	95,341	40,387	15,129	35,688	2,784	-	1,353
Fee and other income:							
Tenant cleaning fees	13,613	21,721	-	-	-	-	(8,108)
Management and leasing fees	3,555	1,428	2,772	214	(2)	-	(857)
Lease termination fees	2,301	1,220	728	346	7	-	-
Other	12,797	5,505	5,554	1,016	800	-	(78)
Total revenues	687,125	281,585	171,563	148,150	45,921	-	39,906
Operating expenses	275,077	124,152	58,327	52,309	26,391	-	13,898
Depreciation and amortization	130,599	44,131	36,764	26,329	9,853	-	13,522
General and administrative	55,200	4,504	5,984	8,843	6,010	-	29,859
Tenant buy-outs and other acquisition related costs	921	-	-	-	-	-	921
Total expenses	461,797	172,787	101,075	87,481	42,254	-	58,200
Operating income (loss)	225,328	108,798	70,488	60,669	3,667	-	(18,294)
(Loss) applicable to Toys	(2,557)	-	-	-	-	(2,557)	-
(Loss) income from partially owned entities	(1,996)	1,705	(1,095)	833	8	-	(3,447)
(Loss) from Real Estate Fund	(1,410)	-	-	-	-	-	(1,410)
Interest and other investment income (loss), net	47,096	139	81	(46)	11	-	46,911
Interest and debt expense	(145,561)	(33,293)	(33,367)	(24,199)	(9,556)	-	(45,146)
Net (loss) on extinguishment of debt	(724)	-	-	-	-	-	(724)
Net gain on disposition of wholly owned and partially owned assets	5,072	-	-	-	-	-	5,072
Income (loss) before income taxes	125,248	77,349	36,107	37,257	(5,870)	(2,557)	(17,038)
Income tax (expense) benefit	(5,449)	(861)	(1,001)	(2)	714	-	(4,299)
Income (loss) from continuing operations	119,799	76,488	35,106	37,255	(5,156)	(2,557)	(21,337)
(Loss) income from discontinued operations	(3,667)	30	1,410	(3,642)	(1,465)	-	-
Net income (loss)	116,132	76,518	36,516	33,613	(6,621)	(2,557)	(21,337)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(296)	(2,442)	-	397	-	-	1,749
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(11,584)	-	-	-	-	-	(11,584)
Net income (loss) attributable to Vornado	104,252	74,076	36,516	34,010	(6,621)	(2,557)	(31,172)
Interest and debt expense[2]	208,294	31,817	34,241	26,395	15,883	40,558	59,400
Depreciation and amortization[2]	179,148	42,531	41,394	28,024	12,782	30,079	24,338
Income tax (benefit) expense[2]	(23,013)	861	1,054	2	(714)	(27,501)	3,285
EBITDA[1]	$ 468,681	$ 149,285	$ 113,205	$ 88,431	$ 21,330	$ 40,579	$ 55,851

See notes on the following page.

Net Income and EBITDA by Segment for the Three Months Ended September 30, 2011 and 2010 - continued

Notes to preceding tabular information:

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a supplemental measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, we utilize these measures to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Interest and debt expense, depreciation and amortization and income tax (benefit) expense in the reconciliation of our net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The components of other EBITDA are summarized below. The totals for each of the columns below agree to the total EBITDA for the "other" column in the preceding EBITDA by segment reconciliations.

(Amounts in thousands)	For the Three Months Ended September 30, 2011	2010
Our share of Real Estate Fund:		
Operations	$ 743	$ (319)
Net unrealized gains	1,410	-
Net realized gains	-	-
Carried interest reversal	(475)	-
Total	1,678	(319)
LNR (acquired in July 2010)	15,769	-
Alexander's	14,588	13,288
555 California Street	11,220	11,797
Hotel Pennsylvania	9,773	8,080
Lexington	8,424	8,092
Other investments	10,075	4,004
	71,527	44,942
Corporate general and administrative expenses (1)	(21,585)	(20,712)
Investment income and other, net (1)	12,530	15,808
(Loss) income from the mark-to-market of J.C. Penney derivative position	(37,537)	32,249
Net gain on sale of condominiums	1,298	-
Acquisition related costs	(684)	(921)
Real Estate Fund placement fees	-	(3,207)
Net loss on extinguishment of debt	-	(724)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(6,825)	(11,584)
	$ 18,724	$ 55,851

(1) The amounts in these captions (for this table only) exclude the mark-to-market of our deferred compensation plan assets and offsetting liability.

Net Income and EBITDA by Segment for the Three Months Ended September 30, 2011 and 2010 - continued

Below is a summary of the percentages of EBITDA by geographic region (excluding discontinued operations and other gains and losses that affect comparability), from our New York Office, Washington DC Office, Retail and Merchandise Mart segments.

	For the Three Months Ended September 30,	
	2011	**2010**
Region:		
New York City metropolitan area	62%	62%
Washington, DC / Northern Virginia metropolitan area	30%	31%
California	2%	1%
Chicago	3%	3%
Puerto Rico	2%	2%
Other geographies	1%	1%
	100%	100%

Results of Operations – Three Months Ended September 30, 2011 Compared to September 30, 2010

Revenues

Our revenues, which consist of property rentals, tenant expense reimbursements, hotel revenues, trade shows revenues, amortization of acquired below-market leases, net of above-market leases and fee income, were $727,343,000 for the three months ended September 30, 2011, compared to $687,125,000 in the prior year's quarter, an increase of $40,218,000, of which $35,135,000 relates to the Cleveland Medical Mart development project. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Property rentals:						
Acquisitions, sale of partial interests and other	$ (3,076)	$ (800)	$ (8,406)	$ 4,787	$ -	$ 1,343
Development	411	-	1,055	(644)	-	-
Hotel Pennsylvania	2,637	-	-	-	-	2,637
Trade Shows	2,566	-	-	-	2,566	-
Amortization of acquired below-market leases, net	(656)	(783)	(47)	448	6	(280)
Leasing activity (see page 43)	(251)	(1,467)	394	1,275	389	(842)
	1,631	(3,050)	(7,004)	5,866	2,961	2,858
Tenant expense reimbursements:						
Acquisitions/development, sale of partial interests and other	867	3,831	(3,690)	726	-	-
Operations	(2,155)	(1,193)	(2,111)	(117)	188	1,078
	(1,288)	2,638	(5,801)	609	188	1,078
Cleveland Medical Mart development project	35,135 (1)	-	-	-	35,135 (1)	-
Fee and other income:						
BMS cleaning fees	2,034	2,326	-	-	-	(292)
Management and leasing fees	806	225	(102)	327	47	309
Lease cancellation fee income	2,502	2,320	274	(85)	(7)	-
Other	(602)	(293)	(322)	139	188	(314)
	4,740	4,578	(150)	381	228	(297)
Total increase (decrease) in revenues	$ 40,218	$ 4,166	$ (12,955)	$ 6,856	$ 38,512	$ 3,639

(1) This income is offset by $33,419 of development costs expensed in the quarter. See note (4) on page 50.

Results of Operations – Three Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Expenses

Our expenses, which consist primarily of operating, depreciation and amortization and general and administrative expenses, were $501,892,000 for the three months ended September 30, 2011, compared to $461,797,000 in the prior year's quarter, an increase of $40,095,000, of which $33,419,000 relates to the Cleveland Medical Mart development project. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Operating:						
Acquisitions, sale of partial interests and other	$ 2,784	$ -	$ (3,432)	$ 6,216	$ -	$ -
Development/redevelopment	131	-	(142)	273	-	-
Non-reimbursable expenses, including bad debt reserves	5,993	3,351	(1,597)	355	3,884	-
Hotel Pennsylvania	853	-	-	-	-	853
Trade Shows	1,218	-	-	-	1,218	-
BMS expenses	2,302	2,302	-	-	-	-
Operations	(2,699)	(333)	(1,365)	(1,741)	(690)	1,430
	10,582	5,320	(6,536)	5,103	4,412	2,283
Depreciation and amortization:						
Acquisitions/development, sale of partial interests and other	469	-	(2,684)	3,153	-	-
Operations	3,006	2,907	(195)	598	519	(823)
	3,475	2,907	(2,879)	3,751	519	(823)
General and administrative:						
Mark-to-market of deferred compensation plan liability (1)	(9,150)	-	-	-	-	(9,150)
Real Estate Fund placement fees	(3,752)	-	-	-	-	(3,752)
Operations	4,154	(43)	521	(2,122)	3,524 (2)	2,274 (3)
	(8,748)	(43)	521	(2,122)	3,524	(10,628)
Cleveland Medical Mart development project	33,419 (4)	-	-	-	33,419 (4)	-
Tenant buy-outs and other acquisition related costs	1,367	-	-	1,593 (5)	-	(226)
Total increase (decrease) in expenses	$ 40,095	$ 8,184	$ (8,894)	$ 8,325	$ 41,874	$ (9,394)

(1) This decrease in expense is entirely offset by a corresponding decrease in income from the mark-to-market of the deferred compensation plan assets, a component of "interest and other investment (loss) income, net" on our consolidated statements of income.

(2) Includes $3,722 of restructuring costs.

(3) Primarily from higher payroll costs and stock-based compensation.

(4) This expense is entirely offset by development revenue in the quarter. See note (1) on page 49.

(5) Represents the buy-out of a below-market lease.

Loss Applicable to Toys

In the three months ended September 30, 2011, we recognized net loss of$9,304,000 from our investment in Toys, comprised of $11,638,000 for our 32.7% share of Toys' net loss ($26,773,000 before our share of Toys' income tax benefit) and $2,334,000 of interest and other income.

In the three months ended September 30, 2010, we recognized net loss of $2,557,000 from our investment in Toys, comprised of $5,073,000 for our 32.7% share of Toys' net loss ($32,574,000 before our share of Toys' income tax benefit) and $2,516,000 of interest and other income.

Income (loss) from Partially Owned Entities

Summarized below are the components of income (loss) from partially owned entities for the three months ended September 30, 2011 and 2010.

	For the Three Months Ended September 30,	
(Amounts in thousands)	**2011**	**2010**
Equity in Net Income (Loss):		
Alexander's - 32.4% share of equity in net income	$ 8,607	$ 7,557
Lexington - 11.7% share in 2011 and 13.8% share in 2010 of equity in net loss	(617)	(2,301)
LNR - 26.2% share of equity in net income (acquired in July 2010)	13,656	-
India real estate ventures - 4% to 36.5% range in our share of equity in net loss	(690)	(195)
Partially owned office buildings	(6,839)	86
Other equity method investments (1)	(565)	(7,143)
	$ 13,552	$ (1,996)

(1) Represents our equity in net income or loss in Verde Realty Operating Partnership, 85 10th Avenue Associates and others.

Income from Real Estate Fund

In the three months ended September 30, 2011, we recognized $5,353,000 of income from the Fund, including $5,639,000 of net unrealized gains from the mark-to-market of investments in the Fund. Of the $5,353,000, $3,675,000 was attributable to noncontrolling interests. Accordingly, our share of the Fund's income was $1,678,000. In addition, we recognized $378,000 of management, leasing and development fees which are included as a component of "fee and other income."

In the three months ended September 30, 2010, we recognized a $1,410,000 loss from the Fund, primarily due to $1,500,000 of organization costs. Of this loss, $1,091,000 was attributable to noncontrolling interests.

Results of Operations – Three Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Interest and Other Investment (Loss) Income, net

Interest and other investment (loss) income, net (comprised of the mark-to-market of derivative positions in marketable equity securities, interest income on mezzanine loans receivable, other interest income and dividend income) was a loss of $29,994,000 in the three months ended September 30, 2011, compared to income of $47,096,000 in the prior year's quarter, a decrease of $77,090,000. This decrease resulted from:

(Amounts in thousands)		
J.C. Penney derivative position ($37,537 mark-to-market loss in 2011, compared to a $32,249 mark-to-market gain in 2010)	$	(69,786)
Decrease in the value of investments in our deferred compensation plan (offset by a corresponding decrease in the liability for plan assets in general and administrative expenses)		(9,150)
Other, net (primarily dividends and interest on marketable securities and mezzanine loans)		1,846
	$	(77,090)

Interest and Debt Expense

Interest and debt expense was $136,672,000 in the three months ended September 30, 2011, compared to $145,561,000 in the prior year's quarter, a decrease of $8,889,000. This decrease was primarily due to savings of (i) $7,206,000 from the repayment of the Springfield Mall mortgage at a discount in December 2010, (ii) $6,079,000 applicable to the repurchase and retirement of convertible senior debentures and repayment of senior unsecured notes, and (iii), 4,680,000 from the deconsolidation of the Warner Building resulting from the sale of a 45% interest in October 2010, partially offset by (iv) $4,745,000 from the financing of 2121 Crystal Drive and Two Penn Plaza in the first quarter of 2011, (v) $3,374,000 from the issuance of $660,000,000 of cross-collateralized debt secured by 40 of our strip shopping centers in August 2010 and (vi) $1,251,000 from the consolidation of the San Jose Shopping Center resulting from the October 2010 acquisition of the 55% interest we did not previously own.

Net Loss on Extinguishment of Debt

In the three months ended September 30, 2010, we recognized a $724,000 net loss on early extinguishment of debt resulting from the acquisition and retirement of convertible senior debentures and senior unsecured notes.

Net Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was $1,298,000 in the three months ended September 30, 2011, compared to $5,072,000 in the prior year's quarter and resulted primarily from the sale of residential condominiums and marketable securities.

Income Tax Expense

Income tax expense was $7,144,000 in the three months ended September 30, 2011, compared to $5,449,000 in the prior year's quarter, an increase of $1,695,000. This increase resulted primarily from higher taxable income of our taxable REIT subsidiaries.

Results of Operations – Three Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Income (Loss) from Discontinued Operations

The table below sets forth the combined results of assets related to discontinued operations for the three months ended September 30, 2011 and 2010.

	For the Three Months Ended September 30,	
(Amounts in thousands)	2011	2010
Total revenues	$ 9,744	$ 20,163
Total expenses	6,061	18,830
	3,683	1,333
Impairment loss	-	(5,000)
Income (loss) from discontinued operations	$ 3,683	$ (3,667)

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was $5,636,000 in the three months ended September 30, 2011, compared to $296,000 in the prior year's quarter, an increase of $5,340,000. This resulted primarily from a $4,766,000 increase in income allocated to the noncontrolling interests of our Real Estate Fund.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership, including Unit Distributions

Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions for the three months ended September 30, 2011 and 2010 is primarily comprised of allocations of income to redeemable noncontrolling interests of $2,797,000 and $7,119,000, respectively, and preferred unit distributions of the Operating Partnership of $4,028,000 and $4,465,000, respectively. The decrease of $4,322,000 in allocations of income to redeemable noncontrolling interests resulted primarily from lower net income subject to allocation to unitholders.

Preferred Share Dividends

Preferred share dividends were $17,627,000 for the three months ended September 30, 2011, compared to $13,442,000 for the prior year's quarter, an increase of $4,185,000. This increase resulted from the issuance of Series J preferred shares during 2011, partially offset by the redemption of the Series D-10 preferred shares in 2010.

Discount of Preferred Share and Unit Redemptions

In the three months ended September 30, 2011, we recognized a $5,000,000 discount from the redemption of 1,000,000 Series D-11 preferred units, compared to a $4,382,000 discount in the prior year's quarter from the redemption of 1,600,000 Series D-10 preferred shares.

Results of Operations – Three Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Same Store EBITDA

Same store EBITDA represents EBITDA from property level operations which are owned by us in both the current and prior year reporting periods. Same store EBITDA excludes segment-level overhead expenses, which are expenses that we do not consider to be property-level expenses, as well as other non-operating items. We present same store EBITDA on both a GAAP basis and a cash basis, which excludes income from the straight-lining of rents, amortization of below-market leases, net of above-market leases and other non-cash adjustments. We present these non-GAAP measures to (i) facilitate meaningful comparisons of the operational performance of our properties and segments, (ii) make decisions on whether to buy, sell or refinance properties, and (iii) compare the performance of our properties and segments to those of our peers. Same store EBITDA should not be considered as an alternative to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below are the same store EBITDA results on a GAAP and cash basis for each of our segments for the three months ended September 30, 2011, compared to the three months ended September 30, 2010.

(Amounts in thousands)	New York Office	Washington, DC Office	Retail	Merchandise Mart
EBITDA for the three months ended September 30, 2011	$ 155,861	$ 106,607	$ 93,158	$ 15,448
Add-back: non-property level overhead expenses included above	4,461	6,505	6,721	9,534
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(7,408)	1,500	(3,961)	(5,530)
GAAP basis same store EBITDA for the three months ended September 30, 2011	152,914	114,612	95,918	19,452
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(10,863)	998	(9,485)	985
Cash basis same store EBITDA for the three months ended September 30, 2011	$ 142,051	$ 115,610	$ 86,433	$ 20,437
EBITDA for the three months ended September 30, 2010	$ 149,285	$ 113,205	$ 88,431	$ 21,330
Add-back: non-property level overhead expenses included above	4,504	5,984	8,843	6,010
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	819	(5,067)	(2,200)	(7,453)
GAAP basis same store EBITDA for the three months ended September 30, 2010	154,608	114,122	95,074	19,887
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(14,845)	42	(9,611)	440
Cash basis same store EBITDA for the three months ended September 30, 2010	$ 139,763	$ 114,164	$ 85,463	$ 20,327
(Decrease) increase in GAAP basis same store EBITDA for the three months ended September 30, 2011 over the three months ended September 30, 2010	$ (1,694)	$ 490	$ 844	$ (435)
Increase in Cash basis same store EBITDA for the three months ended September 30, 2011 over the three months ended September 30, 2010	$ 2,288	$ 1,446	$ 970	$ 110
% (decrease) increase in GAAP basis same store EBITDA	(1.1%)	0.4%	0.9%	(2.2%)
% increase in Cash basis same store EBITDA	1.6%	1.3%	1.1%	0.5%

Net Income and EBITDA by Segment for the Nine Months Ended September 30, 2011 and 2010

Below is a summary of net income and a reconciliation of net income to EBITDA(1) by segment for the nine months ended September 30, 2011 and 2010.

(Amounts in thousands)	For the Nine Months Ended September 30, 2011						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other(3)
Property rentals	$ 1,604,451	$ 586,797	$ 413,810	$ 316,729	$ 154,485	$ -	$ 132,630
Straight-line rent adjustments	34,713	15,777	5,962	12,556	(2,059)	-	2,477
Amortization of acquired below-market leases, net	49,387	24,549	1,525	19,899	55	-	3,359
Total rentals	1,688,551	627,123	421,297	349,184	152,481	-	138,466
Tenant expense reimbursements	264,857	108,267	27,561	111,519	9,121	-	8,389
Cleveland Medical Mart development project	108,203	-	-	-	108,203	-	-
Fee and other income:							
Tenant cleaning fees	46,479	71,156	-	-	-	-	(24,677)
Management and leasing fees	15,456	5,260	9,629	2,439	348	-	(2,220)
Lease termination fees	12,478	9,176	3,013	289	-	-	-
Other	37,826	15,078	15,894	4,241	2,832	-	(219)
Total revenues	2,173,850	836,060	477,394	467,672	272,985	-	119,739
Operating expenses	841,266	367,291	150,375	173,623	99,266	-	50,711
Depreciation and amortization	393,846	138,837	101,634	85,653	29,113	-	38,609
General and administrative	155,566	14,389	19,504	22,034	23,855	-	75,784
Cleveland Medical Mart development project	101,637	-	-	-	101,637	-	-
Tenant buy-outs and other acquisition related costs	22,455	-	-	16,593	3,040	-	2,822
Total expenses	1,514,770	520,517	271,513	297,903	256,911	-	167,926
Operating income (loss)	659,080	315,543	205,881	169,769	16,074	-	(48,187)
Income applicable to Toys	80,794	-	-	-	-	80,794	-
Income (loss) from partially owned entities	56,239	(4,893)	(6,038)	2,131	292	-	64,747
Income from Real Estate Fund	25,491	-	-	-	-	-	25,491
Interest and other investment income, net	95,121	466	119	5	35	-	94,496
Interest and debt expense	(408,532)	(103,514)	(89,911)	(69,482)	(28,140)	-	(117,485)
Net gain on disposition of wholly owned and partially owned assets	7,975	-	-	-	-	-	7,975
Income (loss) before income taxes	516,168	207,602	110,051	102,423	(11,739)	80,794	27,037
Income tax expense	(19,448)	(1,637)	(2,267)	(5)	(2,211)	-	(13,328)
Income (loss) from continuing operations	496,720	205,965	107,784	102,418	(13,950)	80,794	13,709
Income from discontinued operations	146,293	398	46,466	9,217	90,212	-	-
Net income	643,013	206,363	154,250	111,635	76,262	80,794	13,709
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(20,643)	(6,815)	-	196	-	-	(14,024)
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(47,364)	-	-	-	-	-	(47,364)
Net income (loss) attributable to Vornado	575,006	199,548	154,250	111,831	76,262	80,794	(47,679)
Interest and debt expense(2)	599,668	108,473	100,017	73,000	32,025	121,546	164,607
Depreciation and amortization (2)	561,738	146,650	118,290	88,322	34,632	101,862	71,982
Income tax expense(2)	42,135	1,695	2,380	5	2,211	29,914	5,930
EBITDA(1)	$ 1,778,547	$ 456,366	$ 374,937	$ 273,158	$ 145,130	$ 334,116	$ 194,840

See notes on page 57.

Net Income and EBITDA by Segment for the Nine Months Ended September 30, 2011 and 2010 - continued

(Amounts in thousands)	For the Nine Months Ended September 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other[3]
Property rentals	$ 1,560,473	$ 582,090	$ 426,217	$ 284,808	$ 145,206	$ -	$ 122,152
Straight-line rent adjustments	53,018	22,642	5,519	21,699	628	-	2,530
Amortization of acquired below-market leases, net	48,476	27,312	1,836	14,897	(91)	-	4,522
Total rentals	1,661,967	632,044	433,572	321,404	145,743	-	129,204
Tenant expense reimbursements	271,040	105,968	42,592	107,799	8,876	-	5,805
Fee and other income:							
Tenant cleaning fees	40,733	62,778	-	-	-	-	(22,045)
Management and leasing fees	16,075	4,278	13,252	759	31	-	(2,245)
Lease termination fees	10,112	4,245	1,256	4,182	429	-	-
Other	37,918	14,428	16,452	2,284	3,471	-	1,283
Total revenues	2,037,845	823,741	507,124	436,428	158,550	-	112,002
Operating expenses	802,927	349,934	163,097	159,131	85,915	-	44,850
Depreciation and amortization	393,259	131,911	108,994	80,550	30,111	-	41,693
General and administrative	153,231	13,824	18,079	22,591	20,252	-	78,485
Tenant buy-outs and other acquisition related costs	2,851	-	-	-	-	-	2,851
Total expenses	1,352,268	495,669	290,170	262,272	136,278	-	167,879
Operating income (loss)	685,577	328,072	216,954	174,156	22,272	-	(55,877)
Income applicable to Toys	102,309	-	-	-	-	102,309	-
Income (loss) from partially owned entities	13,800	4,345	(1,099)	3,353	239	-	6,962
(Loss) from Real Estate Fund	(1,410)	-	-	-	-	-	(1,410)
Interest and other investment income, net	65,676	466	130	143	35	-	64,902
Interest and debt expense	(423,354)	(99,026)	(101,592)	(62,047)	(28,383)	-	(132,306)
Net (loss) on extinguishment of debt	(1,796)	-	-	-	-	-	(1,796)
Net gain on disposition of wholly owned and partially owned assets	12,759	-	-	-	765	-	11,994
Income (loss) before income taxes	453,561	233,857	114,393	115,605	(5,072)	102,309	(107,531)
Income tax (expense) benefit	(15,993)	(1,670)	(1,092)	(37)	118	-	(13,312)
Income (loss) from continuing operations	437,568	232,187	113,301	115,568	(4,954)	102,309	(120,843)
(Loss) income from discontinued operations	(11,681)	106	(5,776)	(1,539)	(4,472)	-	-
Net income (loss)	425,887	232,293	107,525	114,029	(9,426)	102,309	(120,843)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(1,490)	(7,290)	-	895	-	-	4,905
Net (income) attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(33,487)	-	-	-	-	-	(33,487)
Net income (loss) attributable to Vornado	390,910	225,003	107,525	114,924	(9,426)	102,309	(149,425)
Interest and debt expense[2]	611,993	94,404	104,355	68,275	45,370	123,791	175,798
Depreciation and amortization[2]	549,400	127,341	120,929	85,335	39,049	99,850	76,896
Income tax expense (benefit)[2]	13,553	1,670	1,161	37	(59)	(1,914)	12,658
EBITDA[1]	$ 1,565,856	$ 448,418	$ 333,970	$ 268,571	$ 74,934	$ 324,036	$ 115,927

See notes on the following page.

Net Income and EBITDA by Segment for the Nine Months Ended September 30, 2011 and 2010 - continued

Notes to preceding tabular information:

(1) EBITDA represents "Earnings Before Interest, Taxes, Depreciation and Amortization." We consider EBITDA a supplemental measure for making decisions and assessing the unlevered performance of our segments as it relates to the total return on assets as opposed to the levered return on equity. As properties are bought and sold based on a multiple of EBITDA, we utilize these measures to make investment decisions as well as to compare the performance of our assets to that of our peers. EBITDA should not be considered a substitute for net income. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Interest and debt expense, depreciation and amortization and income tax (benefit) expense in the reconciliation of our net income (loss) to EBITDA includes our share of these items from partially owned entities.

(3) The components of other EBITDA are summarized below. The totals for each of the columns below agree to the total EBITDA for the "other" column in the preceding EBITDA by segment reconciliations.

(Amounts in thousands)	For the Nine Months Ended September 30, 2011	2010
Our share of Real Estate Fund:		
Operations	$ 2,550	$ (319)
Net unrealized gains	4,802	-
Net realized gains	771	-
Carried interest accrual	1,665	-
Total	9,788	(319)
Alexander's	45,577	41,947
LNR (acquired in July 2010) (1)	38,569	-
Lexington (2)	37,730	37,375
555 California Street	32,608	34,421
Hotel Pennsylvania	18,382	14,249
Other investments	30,011	22,619
	212,665	150,292
Corporate general and administrative expenses (3)	(62,964)	(60,668)
Investment income and other, net (3)	38,860	41,876
Mezzanine loans loss reversal (accrual) and net gain on disposition	82,744	(6,900)
(Loss) income from the mark-to-market of J.C. Penney derivative position	(27,136)	32,249
Net gain on sale of condominiums	5,884	3,149
Acquisition related costs	(4,398)	(2,851)
Real Estate Fund placement fees	(3,451)	(5,937)
Net loss on extinguishment of debt	-	(1,796)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(47,364)	(33,487)
	$ 194,840	$ 115,927

(1) Includes $6,020 for our share of net gains from asset sales and $8,977 for our share of a tax settlement gain.

(2) Includes net gains of $9,760 and $5,998 in the nine months ended September 30, 2011 and 2010, respectively, resulting from Lexington's stock issuances.

(3) The amounts in these captions (for this table only) exclude the mark-to-market of our deferred compensation plan assets and offsetting liability.

Net Income and EBITDA by Segment for the Nine Months Ended September 30, 2011 and 2010 - continued

Below is a summary of the percentages of EBITDA by geographic region (excluding discontinued operations and other gains and losses that affect comparability), from our New York Office, Washington DC Office, Retail and Merchandise Mart segments.

	For the Nine Months Ended September 30,	
	2011	2010
Region:		
New York City metropolitan area	61%	61%
Washington, DC / Northern Virginia metropolitan area	30%	31%
California	2%	1%
Chicago	3%	4%
Puerto Rico	2%	2%
Other geographies	2%	1%
	100%	100%

Results of Operations – Nine Months Ended September 30, 2011 Compared to September 30, 2010

Revenues

Our revenues, which consist of property rentals, tenant expense reimbursements, hotel revenues, trade shows revenues, amortization of acquired below-market leases, net of above-market leases and fee income, were $2,173,850,000 for the nine months ended September 30, 2011, compared to $2,037,845,000 in the prior year's nine months, an increase of $136,005,000, of which $108,203,000 relates to the Cleveland Medical Mart development project. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Property rentals:						
Acquisitions, sale of partial interests and other	$ (8,822)	$ (2,719)	$ (25,200)	$ 14,768	$ -	$ 4,329
Development	5,191	-	5,556	(365)	-	-
Hotel Pennsylvania	7,709	-	-	-	-	7,709
Trade Shows	5,541	-	-	-	5,541	-
Amortization of acquired below-market leases, net	911	(2,763)	(311)	5,002	146	(1,163)
Leasing activity (see page 43)	16,054	561	7,680	8,375	1,051	(1,613)
	26,584	(4,921)	(12,275)	27,780	6,738	9,262
Tenant expense reimbursements:						
Acquisitions/development, sale of partial interests and other	(2,446)	3,831	(11,099)	2,135	-	2,687
Operations	(3,737)	(1,532)	(3,932)	1,585	245	(103)
	(6,183)	2,299	(15,031)	3,720	245	2,584
Cleveland Medical Mart development project	108,203 **(1)**	-	-	-	108,203 (1)	-
Fee and other income:						
BMS cleaning fees	5,746	8,378	-	-	-	(2,632)**(2)**
Management and leasing fees	(619)	982	(3,623)**(3)**	1,680	317	25
Lease cancellation fee income	2,366	4,931	1,757	(3,893)	(429)	-
Other	(92)	650	(558)	1,957	(639)	(1,502)
	7,401	14,941	(2,424)	(256)	(751)	(4,109)
Total increase (decrease) in revenues	$ 136,005	$ 12,319	$ (29,730)	$ 31,244	$ 114,435	$ 7,737

(1) This income is offset by $101,637 of development costs expensed in the period. See note (4) on page 60.

(2) Primarily from the elimination of intercompany fees from operating segments upon consolidation.

(3) Primarily from leasing fees in the prior year in connection with our management of a development project.

Results of Operations – Nine Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Expenses

Our expenses, which consist primarily of operating, depreciation and amortization and general and administrative expenses, were $1,514,770,000 for the nine months ended September 30, 2011, compared to $1,352,268,000 in the prior year's nine months, an increase of $162,502,000, of which $101,637,000 relates to the Cleveland Medical Mart development project. Below are the details of the increase (decrease) by segment:

(Amounts in thousands)

Increase (decrease) due to:	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Operating:						
Acquisitions, sale of partial interests and other	$ 3,347	$ -	$ (12,997)	$ 13,657	$ -	$ 2,687
Development/redevelopment	674	-	(317)	991	-	-
Non-reimbursable expenses, including bad debt reserves	10,301	4,205	(321)	(2,374)	8,791	-
Hotel Pennsylvania	3,332	-	-	-	-	3,332
Trade Shows	3,220	-	-	-	3,220	-
BMS expenses	7,739	7,739	-	-	-	-
Operations	9,726	5,413	913	2,218	1,340	(158)
	38,339	17,357	(12,722)	14,492	13,351	5,861
Depreciation and amortization:						
Acquisitions/development, sale of partial interests and other	(4,083)	-	(9,732)	5,649	-	-
Operations	4,670	6,926	2,372	(546)	(998)	(3,084)
	587	6,926	(7,360)	5,103	(998)	(3,084)
General and administrative:						
Mark-to-market of deferred compensation plan liability (1)	(4,182)	-	-	-	-	(4,182)
Real Estate Fund placement fees	(3,031)	-	-	-	-	(3,031)
Operations	9,548	565	1,425	(557)	3,603 (2)	4,512 (3)
	2,335	565	1,425	(557)	3,603	(2,701)
Cleveland Medical Mart development project	101,637 (4)	-	-	-	101,637 (4)	-
Tenant buy-outs and other acquisition related costs	19,604	-	-	16,593 (5)	3,040	(29)
Total increase (decrease) in expenses	$ 162,502	$ 24,848	$ (18,657)	$ 35,631	$ 120,633	$ 47

(1) This decrease in expense is entirely offset by a corresponding decrease in income from the mark-to-market of the deferred compensation plan assets, a component of "interest and other investment income (loss), net" on our consolidated statements of income.

(2) Includes $3,722 of restructuring costs.

(3) Primarily from higher payroll costs and stock-based compensation expense.

(4) This expense is entirely offset by development revenue in the period. See note (1) on page 59.

(5) Represents the buy-out of below-market leases.

Results of Operations – Nine Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Income Applicable to Toys

In the nine months ended September 30, 2011, we recognized net income of $80,794,000 from our investment in Toys, comprised of $74,135,000 for our 32.7% share of Toys' net income ($104,049,000 before our share of Toys' income tax expense) and $6,659,000 of interest and other income.

In the nine months ended September 30, 2010, we recognized net income of $102,309,000 from our investment in Toys, comprised of $95,576,000 for our 32.7% share of Toys' net income ($93,662,000 before our share of Toys' income tax benefit) and $6,733,000 of interest and other income.

Income from Partially Owned Entities

Summarized below are the components of income (loss) from partially owned entities for the nine months ended September 30, 2011 and 2010.

	For the Nine Months Ended September 30,	
(Amounts in thousands)	2011	2010
Equity in Net Income (Loss):		
Alexander's - 32.4% share of equity in net income	$ 25,256	$ 21,083
Lexington - 11.7% share in 2011 and 13.8% share in 2010 of equity in net income (1)	10,209	3,316
LNR - 26.2% share of equity in net income (acquired in July 2010) (2)	39,913	-
India real estate ventures - 4% to 36.5% range in our share of equity in net (loss) income	(692)	2,062
Partially owned office buildings (3)	(13,829)	1,864
Other equity method investments (4)	(4,618)	(14,525)
	$ 56,239	$ 13,800

(1) Includes net gains of $9,760 and $5,998 in the nine months ended September 30, 2011 and 2010, respectively, resulting from Lexington's stock issuances.

(2) Includes $6,020 for our share of net gains from asset sales and $8,977 for our share of a tax settlement gain.

(3) The nine months ended September 30, 2011 includes $9,022 for our share of expense, primarily for straight-line rent reserves and the write-off of tenant improvements in connection with a tenant's bankruptcy at the Warner Building.

(4) Represents our equity in net income or loss in Verde Realty Operating Partnership, 85 10th Avenue Associates and others.

Income from Real Estate Fund

In the nine months ended September 30, 2011, we recognized $25,491,000 of income from the Fund, including $19,209,000 of net unrealized gains from the mark-to-market of investments in the Fund, and $3,085,000 of net realized gains from the disposition of an investment. Of the $25,491,000, $15,703,000 was attributable to noncontrolling interests. Accordingly, our share of the Fund's income was $9,788,000 and includes $1,665,000 of accrued carried interest. In addition, we recognized $1,803,000 of management, leasing and development fees which are included as a component of "fee and other income," and incurred $3,451,000 of placement fees in connection with the February 2011 closing of the Fund, which is included in "general and administrative" expenses.

In the nine months ended September 30, 2010, we recognized a $1,410,000 loss from the Fund, primarily due to $1,500,000 of organization costs. Of this loss, $1,091,000 was attributable to noncontrolling interests.

Results of Operations – Nine Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Interest and Other Investment (Loss) Income, net

Interest and other investment income, net (comprised of the mark-to-market of derivative positions in marketable equity securities, interest income on mezzanine loans receivable, other interest income and dividend income) was $95,121,000 in the nine months ended September 30, 2011, compared to $65,676,000 in the prior year's nine months, an increase of $29,445,000. This increase resulted from:

(Amounts in thousands)		
Mezzanine loans ($82,744 loss reversal and net gain on disposition in 2011, compared to a $6,900 loss accrual in 2010)	$	89,644
J.C. Penney derivative position ($27,136 mark-to-market loss in 2011, compared to a $32,249 mark-to-market gain in 2010)		(59,385)
Decrease in the value of investments in our deferred compensation plan (offset by a corresponding decrease in the liability for plan assets in general and administrative expenses)		(4,182)
Other, net (primarily dividends and interest on marketable securities and mezzanine loans)		3,368
	$	29,445

Interest and Debt Expense

Interest and debt expense was $408,532,000 in the nine months ended September 30, 2011, compared to $423,354,000 in the prior year's nine months, a decrease of $14,822,000. This decrease was primarily due to savings of (i) $18,157,000 from the repayment of the Springfield Mall mortgage at a discount in December 2010, (ii) $13,946,000 applicable to the repurchase and retirement of convertible senior debentures and repayment of senior unsecured notes, and (iii) $13,899,000 from the deconsolidation of the Warner Building resulting from the sale of a 45% interest in October 2010, partially offset by (iv) $16,568,000 from the issuance of $660,000,000 of cross-collateralized debt secured by 40 of our strip shopping centers in August 2010, (v) $10,375,000 from the financing of 2121 Crystal Drive and Two Penn Plaza in the first quarter of 2011, and (vi) $3,783,000 from the consolidation of the San Jose Shopping Center resulting from the October 2010 acquisition of the 55% interest we did not previously own.

Net Loss on Extinguishment of Debt

In the nine months ended September 30, 2010, we recognized a $1,796,000 net loss on extinguishment of debt resulting from the acquisition and retirement of convertible senior debentures and senior unsecured notes.

Net Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was $7,975,000 in the nine months ended September 30, 2011, compared to $12,759,000 in the prior year's nine months and resulted primarily from the sale of residential condominiums and marketable securities.

Income Tax Expense

Income tax expense was $19,448,000 in the nine months ended September 30, 2011, compared to $15,993,000 in the prior year's nine months, an increase of $3,455,000. This increase resulted primarily from higher taxable income of our taxable REIT subsidiaries.

Income (Loss) from Discontinued Operations

The table below sets forth the combined results of assets related to discontinued operations for the nine months ended September 30, 2011 and 2010.

(Amounts in thousands)	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Total revenues	$ 36,486	$ 61,883
Total expenses	25,723	58,508
	10,763	3,375
Net gain on extinguishment of High Point debt	83,907	-
Net gain on sale of 1140 Connecticut Avenue and 1227 25th Street	45,862	-
Net gain on sales of other real estate	5,761	-
Litigation loss accrual and impairment loss	-	(15,056)
Income (loss) from discontinued operations	$ 146,293	$ (11,681)

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was $20,643,000 in the nine months ended September 30, 2011, compared to $1,490,000 in the prior year's nine months, an increase of $19,153,000. This resulted primarily from a $16,794,000 increase in income allocated to the noncontrolling interests of our Real Estate Fund.

Net Income Attributable to Noncontrolling Interests in the Operating Partnership, including Unit Distributions

Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions for the nine months ended September 30, 2011 and 2010 is primarily comprised of allocations of income to redeemable noncontrolling interests of $36,385,000 and $26,785,000, respectively, and preferred unit distributions of the Operating Partnership of $10,979,000 and $6,702,000, respectively. The increase of $9,600,000 in allocations of income to redeemable noncontrolling interests resulted primarily from higher net income subject to allocation to unitholders.

Preferred Share Dividends

Preferred share dividends were $47,743,000 for the nine months ended September 30, 2011, compared to $41,975,000 for the prior year's nine months, an increase of $5,768,000. This increase resulted from the issuance of Series J preferred shares during 2011, partially offset by the redemption of Series D-10 preferred shares in 2010.

Discount of Preferred Share and Unit Redemptions

In the nine months ended September 30, 2011, we recognized a $5,000,000 discount from the redemption of 1,000,000 Series D-11 preferred units with a par value of $25.00 per unit, for an aggregate of $20,000,000 in cash, compared to a $4,382,000 discount in the prior year from the redemption of 1,600,000 Series D-10 preferred shares with a par value of $25.00 per unit for an aggregate of $35,618,000.

Results of Operations – Nine Months Ended September 30, 2011 Compared to September 30, 2010 - continued

Same Store EBITDA

Same store EBITDA represents EBITDA from property level operations which are owned by us in both the current and prior year reporting periods. Same store EBITDA excludes segment-level overhead expenses, which are expenses that we do not consider to be property-level expenses, as well as other non-operating items. We present same store EBITDA on both a GAAP basis and a cash basis, which excludes income from the straight-lining of rents, amortization of below-market leases, net of above-market leases and other non-cash adjustments. We present these non-GAAP measures to (i) facilitate meaningful comparisons of the operational performance of our properties and segments, (ii) make decisions on whether to buy, sell or refinance properties, and (iii) compare the performance of our properties and segments to those of our peers. Same store EBITDA should not be considered as an alternative to net income or cash flow from operations and may not be comparable to similarly titled measures employed by other companies.

Below are the same store EBITDA results on a GAAP and cash basis for each of our segments for the nine months ended September 30, 2011, compared to the nine months ended September 30, 2010.

(Amounts in thousands)	New York Office	Washington, DC Office	Retail	Merchandise Mart
EBITDA for the nine months ended September 30, 2011	$ 456,366	$ 374,937	$ 273,158	$ 145,130
Add-back: non-property level overhead expenses included above	14,389	19,504	22,034	23,855
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(16,953)	(48,045)	(8,702)	(96,528)
GAAP basis same store EBITDA for the nine months ended September 30, 2011	453,802	346,396	286,490	72,457
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(37,187)	(3,358)	(21,507)	2,004
Cash basis same store EBITDA for the nine months ended September 30, 2011	$ 416,615	$ 343,038	$ 264,983	$ 74,461
EBITDA for the nine months ended September 30, 2010	$ 448,418	$ 333,970	$ 268,571	$ 74,934
Add-back: non-property level overhead expenses included above	13,824	18,079	22,591	20,252
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(2,544)	(12,870)	(13,908)	(21,627)
GAAP basis same store EBITDA for the nine months ended September 30, 2010	459,698	339,179	277,254	73,559
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(45,031)	(4,624)	(28,434)	(537)
Cash basis same store EBITDA for the nine months ended September 30, 2010	$ 414,667	$ 334,555	$ 248,820	$ 73,022
(Decrease) increase in GAAP basis same store EBITDA for the nine months ended September 30, 2011 over the nine months ended September 30, 2010	$ (5,896)	$ 7,217	$ 9,236	$ (1,102)
Increase in Cash basis same store EBITDA for the nine months ended September 30, 2011 over the nine months ended September 30, 2010	$ 1,948	$ 8,483	$ 16,163	$ 1,439
% (decrease) increase in GAAP basis same store EBITDA	(1.3%)	2.1%	3.3%	(1.5%)
% increase in Cash basis same store EBITDA	0.5%	2.5%	6.5%	2.0%

SUPPLEMENTAL INFORMATION

Three Months Ended September 30, 2011 vs. Three Months Ended June 30, 2011

Our revenues and expenses are subject to seasonality during the year which impacts quarterly net earnings, cash flows and funds from operations, and therefore impacts comparisons of the current quarter to the previous quarter. The business of Toys is highly seasonal. Historically, Toys' fourth quarter net income, which we record on a one-quarter lag basis in our first quarter, accounts for more than 80% of Toys' fiscal year net income. The Office and Merchandise Mart segments have historically experienced higher utility costs in the first and third quarters of the year. The Merchandise Mart segment also has experienced higher earnings in the second and fourth quarters of the year due to major trade shows occurring in those quarters. The Retail segment revenue in the fourth quarter is typically higher due to the recognition of percentage rental income.

Below are the same store EBITDA results on a GAAP and cash basis for each of our segments for the three months ended September 30, 2011, compared to the three months ended June 30, 2011.

(Amounts in thousands)	New York Office	Washington, DC Office	Retail	Merchandise Mart
EBITDA for the three months ended September 30, 2011	$ 155,861	$ 106,607	$ 93,158	$ 15,448
Add-back: non-property level overhead expenses included above	4,461	6,505	6,721	9,534
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(5,447)	1,500	(2,378)	(4,445)
GAAP basis same store EBITDA for the three months ended September 30, 2011	154,875	114,612	97,501	20,537
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(10,862)	1,468	(8,898)	985
Cash basis same store EBITDA for the three months ended September 30, 2011	$ 144,013	$ 116,080	$ 88,603	$ 21,522
EBITDA for the three months ended June 30, 2011 (1)	$ 157,016	$ 111,517	$ 96,507	$ 23,998
Add-back: non-property level overhead expenses included above	4,568	6,462	7,291	6,776
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(6,302)	(2,348)	(7,149)	(4,515)
GAAP basis same store EBITDA for the three months ended June 30, 2011	155,282	115,631	96,649	26,259
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(12,286)	1,095	(6,355)	722
Cash basis same store EBITDA for the three months ended June 30, 2011	$ 142,996	$ 116,726	$ 90,294	$ 26,981
(Decrease) increase in GAAP basis same store EBITDA for the three months ended September 30, 2011 over the three months ended June 30, 2011	$ (407)	$ (1,019)	$ 852	$ (5,722)
Increase (decrease) in Cash basis same store EBITDA for the three months ended September 30, 2011 over the three months ended June 30, 2011	$ 1,017	$ (646)	$ (1,691)	$ (5,459)
% (decrease) increase in GAAP basis same store EBITDA	(0.3%)	(0.9%)	0.9%	(21.8%)
% increase (decrease) in Cash basis same store EBITDA	0.7%	(0.6%)	(1.9%)	(20.2%)

(1) Below is the reconciliation of net income to EBITDA for the three months ended June 30, 2011.

(Amounts in thousands)	New York Office	Washington, DC Office	Retail	Merchandise Mart
Net income attributable to Vornado for the three months ended June 30, 2011	$ 72,002	$ 38,511	$ 43,639	$ 2,265
Interest and debt expense	36,953	34,093	24,468	9,595
Depreciation and amortization	47,621	38,306	28,400	11,227
Income tax expense	440	607	-	911
EBITDA for the three months ended June 30, 2011	$ 157,016	$ 111,517	$ 96,507	$ 23,998

LIQUIDITY AND CAPITAL RESOURCES

We anticipate that cash flow from continuing operations over the next twelve months will be adequate to fund our business operations, cash distributions to unitholders of the Operating Partnership, cash dividends to shareholders, debt amortization and recurring capital expenditures. Capital requirements for development expenditures and acquisitions (excluding Fund acquisitions) may require funding from borrowings and/or equity offerings. In addition, the Fund has aggregate unfunded equity commitments of $543,900,000 for acquisitions, including $135,969,000 from us. We may from time to time purchase or retire outstanding debt securities. Such purchases, if any, will depend on prevailing market conditions, liquidity requirements and other factors. The amounts involved in connection with these transactions could be material to our consolidated financial statements.

Property rental income is our primary source of cash flow and is dependent upon the occupancy and rental rates of our properties. Other sources of liquidity to fund cash requirements include proceeds from debt financings, including mortgage loans, senior unsecured borrowings, and our revolving credit facilities; proceeds from the issuance of common and preferred equity; and asset sales. Our cash requirements include property operating expenses, capital improvements, tenant improvements, leasing commissions, dividends to shareholders, distributions to unitholders of the Operating Partnership, as well as acquisition and development costs.

Cash Flows for the Nine Months Ended September 30, 2011

Our cash and cash equivalents were $585,183,000 at September 30, 2011, a $105,606,000 decrease over the balance at December 31, 2010. This decrease was primarily due to cash flows from financing activities, partially offset by cash flows from operating activities, as discussed below.

Our consolidated outstanding debt was $10,406,550,000 at September 30, 2011, a $482,892,000 decrease over the balance at December 31, 2010. As of September 30, 2011 and December 31, 2010, $300,000,000 and $874,000,000, respectively, was outstanding under our revolving credit facilities. During the remainder of 2011 and 2012 $624,000,000 and $1,593,000,000, respectively, of our outstanding debt matures; we may refinance this maturing debt as it comes due or choose to repay it using a portion of our $3,130,183,000 of available capacity (comprised of $585,183,000 of cash and cash equivalents and $2,545,000,000 of availability under our revolving credit facilities).

Cash flows provided by operating activities of $566,671,000 was comprised of (i) net income of $643,013,000 and (ii) distributions of income from partially owned entities of $75,612,000, partially offset by (iii) $8,352,000 of non-cash adjustments, which include depreciation and amortization expense, the effect of straight-lining of rental income and equity in net income of partially owned entities, and (iv) the net change in operating assets and liabilities of $143,602,000, including $97,785,000 related to Real Estate Fund investments.

Net cash used in investing activities of $1,675,000 was comprised of (i) $440,865,000 of investments in partially owned entities, (ii) $109,963,000 of additions to real estate, (iii) $52,816,000 of development costs and construction in progress, (iv) $44,215,000 of investments in mezzanine loans receivable and other, and (v) $33,850,000 for the funding of collateral for the J.C. Penney derivative, partially offset by (vi) $274,283,000 of capital distributions from partially owned entities, (vii) $135,762,000 of proceeds from sales of real estate and related investments, (viii) changes in restricted cash of $121,463,000, (ix) $100,525,000 of proceeds from sales and repayments of mezzanine loans, (x) $28,700,000 from the return of derivative collateral, and (xi) $19,301,000 of proceeds from sales of marketable securities

Net cash used in financing activities of $670,602,000 was comprised of (i) $2,666,610,000 for the repayments of borrowings, (ii) $381,382,000 of dividends paid on common shares, (iii) $77,330,000 of distributions to noncontrolling interests, (iv) $43,675,000 of dividends paid on preferred shares, (v) $28,614,000 of debt issuance and other costs, (vi) $28,000,000 for the purchase of outstanding preferred units and shares, and (vii) $747,000 for the repurchase of shares related to stock compensation agreements and related tax holdings, partially offset by (viii) $2,184,167,000 of proceeds from borrowings, (ix) $239,037,000 of proceeds from the issuance of Series J preferred shares, (x) $109,605,000 of contributions from noncontrolling interests, and (xi) $22,947,000 of proceeds received from exercise of employee share options.

Cash Flows for the Nine Months Ended September 30, 2010

Our cash and cash equivalents were $846,254,000 at September 30, 2010, a $310,775,000 increase over the balance at December 31, 2009. This increase resulted from $594,721,000 of net cash provided by operating activities and $51,097,000 of net cash provided by investing activities, partially offset by $335,043,000 of net cash used in financing activities.

Cash flows provided by operating activities of $594,721,000 was comprised of (i) net income of $425,887,000, (ii) $213,747,000 of non-cash adjustments, including depreciation and amortization expense, the effect of straight-lining of rental income and equity in net income of partially owned entities and (iii) distributions of income from partially owned entities of $36,829,000, partially offset by (iv) the net change in operating assets and liabilities of $81,742,000, of which $62,500,000 related to Real Estate Fund investments.

Net cash provided by investing activities of $51,097,000 was comprised of (i) proceeds from sales of marketable securities of $126,015,000, (ii) restricted cash of $125,204,000, (iii) proceeds from sales and repayments of mezzanine loans receivable of $109,594,000, (iv) proceeds from the sale of real estate and related investments of $48,998,000, (v) distributions of capital from partially owned entities of $45,613,000 and (vi) proceeds from maturing short-term investments of $40,000,000, partially offset by (vii) investments in partially owned entities of $159,053,000, (viii) additions to real estate of $98,789,000, (ix) development and redevelopment expenditures of $86,871,000, (x) investments in mezzanine loans receivable and other of $75,697,000, (xi) purchases of marketable securities of $13,917,000 and (xii) acquisitions of real estate and other of $10,000,000.

Net cash used in financing activities of $335,043,000 was comprised of (i) repayments of borrowings, including the purchase of our senior unsecured notes, of $1,462,652,000, (ii) dividends paid on common shares of $354,937,000, (iii) purchases of outstanding preferred units and shares of $48,600,000, (iv) dividends paid on preferred shares of $42,100,000, (v) distributions to noncontrolling interests of $41,055,000, (vi) repurchase of shares related to stock compensation arrangements and related tax withholdings of $25,659,000 and (vii) debt issuance costs of $14,942,000, partially offset by (viii) proceeds from borrowings of $1,603,359,000, (ix) contributions from noncontrolling interests of $39,351,000 and (x) $12,192,000 of proceeds received from the exercise of employee share options.

Capital Expenditures

Capital expenditures consist of expenditures to maintain assets, tenant improvement allowances and leasing commissions. Recurring capital improvements include expenditures to maintain a property's competitive position within the market and tenant improvements and leasing commissions necessary to re-lease expiring leases or renew or extend existing leases. Non-recurring capital improvements include expenditures to lease space that has been vacant for more than nine months and expenditures completed in the year of acquisition and the following two years that were planned at the time of acquisition, as well as tenant improvements and leasing commissions for space that was vacant at the time of acquisition of a property. Below is a summary of capital expenditures, leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended in the nine months ended September 30, 2011.

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Expenditures to maintain assets	$ 31,347	$ 11,361	$ 8,760	$ 5,162	$ 3,495	$ 2,569
Tenant improvements	82,537	48,105	18,671	4,734	10,705	322
Leasing commissions	23,762	16,567	4,182	1,315	1,575	123
Non-recurring capital expenditures	17,044	12,220	-	1,967	-	2,857
Total capital expenditures and leasing commissions (accrual basis)	154,690	88,253	31,613	13,178	15,775	5,871
Adjustments to reconcile to cash basis:						
Expenditures in the current year applicable to prior periods	69,717	26,814	11,363	14,018	11,993	5,529
Expenditures to be made in future periods for the current period	(97,374)	(57,532)	(17,794)	(7,693)	(9,711)	(4,644)
Total capital expenditures and leasing commissions (cash basis)	$ 127,033	$ 57,535	$ 25,182	$ 19,503	$ 18,057	$ 6,756
Tenant improvements and leasing commissions:						
Per square foot per annum	*$ 3.59*	*$ 5.23*	*$ 4.38*	*$ 0.81*	*$ 3.53*	*$ -*
Percentage of initial rent	*8.6%*	*9.0%*	*10.9%*	*3.2%*	*10.6%*	*-*

Development and Redevelopment Expenditures

Development and redevelopment expenditures consist of all hard and soft costs associated with the development or redevelopment of a property, including tenant improvements, leasing commissions, capitalized interest and operating costs until the property is substantially completed and ready for its intended use. Below is a summary of development and redevelopment expenditures incurred in the nine months ended September 30, 2011.

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Bergen Town Center	$ 17,145	$ -	$ -	$ 17,145	$ -	$ -
Green Acres Mall	3,443	-	-	3,443	-	-
510 Fifth Avenue	2,367	-	-	2,367	-	-
West End 25	1,897	-	1,897	-	-	-
North Bergen, New Jersey	1,746	-	-	1,746	-	-
Crystal City Hotel	1,556	-	1,556	-	-	-
Crystal Square	1,502	-	1,502	-	-	-
Crystal Plaza 5	1,346	-	1,346	-	-	-
Poughkeepsie, New York	936	-	-	936	-	-
Other	20,878	3,011	7,249	5,102	412	5,104
	$ 52,816	$ 3,011	$ 13,550	$ 30,739	$ 412	$ 5,104

As of September 30, 2011, the estimated costs to complete the above projects are approximately $23,927,000. We have also committed to fund the estimated project cost of approximately $400,000,000 to $425,000,000 to develop our 220 Central Park South property into a new residential tower. In addition, during 2012, we plan to redevelop 1851 South Bell Street, a 348,000 square foot office building in Crystal City, into a new 700,000 square foot office building (readdressed as 1900 Crystal Drive). The estimated cost of this project is approximately $300,000,000, or $425 per square foot. There can be no assurance that these projects will commence, or, if commenced, be completed on schedule or within budget.

Below is a summary of capital expenditures and leasing commissions and a reconciliation of total expenditures on an accrual basis to the cash expended in the nine months ended September 30, 2010.

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Expenditures to maintain assets	$ 32,861	$ 14,233	$ 7,263	$ 3,032	$ 4,360	$ 3,973
Tenant improvements	98,465	41,678	11,146	11,701	28,905	5,035
Leasing commissions	23,884	12,560	4,352	1,702	3,982	1,288
Non-recurring capital expenditures	5,514	-	-	915	-	4,599
Total capital expenditures and leasing commissions (accrual basis)	160,724	68,471	22,761	17,350	37,247	14,895
Adjustments to reconcile to cash basis:						
Expenditures in the current year applicable to prior periods	55,822	29,758	12,781	5,793	4,085	3,405
Expenditures to be made in future periods for the current period	(97,385)	(38,665)	(13,045)	(13,027)	(27,159)	(5,489)
Total capital expenditures and leasing commissions (cash basis)	$ 119,161	$ 59,564	$ 22,497	$ 10,116	$ 14,173	$ 12,811
Tenant improvements and leasing commissions:						
Per square foot per annum	$ *3.69*	$ *6.78*	$ *2.58*	$ *1.40*	$ *4.43*	$ -
Percentage of initial rent	*10.9%*	*14.0%*	*6.7%*	*5.8%*	*12.9%*	-

Development and Redevelopment Expenditures

Below is a summary of development and redevelopment expenditures incurred in the nine months ended September 30, 2010.

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Bergen Town Center	$ 12,588	$ -	$ -	$ 12,588	$ -	$ -
Residential condominiums	11,806	-	-	-	-	11,806
West End 25	9,011	-	9,011	-	-	-
1540 Broadway	7,493	-	-	7,493	-	-
Green Acres Mall	6,991	-	-	6,991	-	-
220 20th Street	3,946	-	3,946	-	-	-
Beverly Connection	3,452	-	-	3,452	-	-
Poughkeepsie, New York	2,396	-	-	2,396	-	-
Other	29,188	4,702	8,115	10,515	1,180	4,676
	$ 86,871	$ 4,702	$ 21,072	$ 43,435	$ 1,180	$ 16,482

Insurance

We maintain general liability insurance with limits of $300,000,000 per occurrence and all risk property and rental value insurance with limits of $2.0 billion per occurrence, including coverage for terrorist acts, with sub-limits for certain perils such as floods. Our California properties have earthquake insurance with coverage of $180,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, up to a $180,000,000 annual aggregate.

Penn Plaza Insurance Company, LLC ("PPIC"), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to all risk property and rental value insurance and a portion of our earthquake insurance coverage, and as a direct insurer for coverage for acts of terrorism, including nuclear, biological, chemical and radiological ("NBCR") acts, as defined by the Terrorism Risk Insurance Program Reauthorization Act. Coverage for acts of terrorism (excluding NBCR acts) is fully reinsured by third party insurance companies and the Federal government with no exposure to PPIC. Coverage for NBCR losses is up to $2 billion per occurrence, for which PPIC is responsible for a deductible of $3,200,000 and 15% of the balance of a covered loss and the Federal government is responsible for the remaining 85% of a covered loss. We are ultimately responsible for any loss borne by PPIC.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism. However, we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years.

Our debt instruments, consisting of mortgage loans secured by our properties which are non-recourse to us, senior unsecured notes, exchangeable senior debentures, convertible senior debentures and revolving credit agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. Further, if lenders insist on greater coverage than we are able to obtain it could adversely affect our ability to finance our properties and expand our portfolio.

Other Commitments and Contingencies

Our mortgage loans are non-recourse to us. However, in certain cases we have provided guarantees or master leased tenant space. These guarantees and master leases terminate either upon the satisfaction of specified circumstances or repayment of the underlying loans. As of September 30, 2011, the aggregate dollar amount of these guarantees and master leases is approximately $151,959,000.

At September 30, 2011, $22,085,000 of letters of credit were outstanding under one of our revolving credit facilities. Our credit facilities contain financial covenants that require us to maintain minimum interest coverage and maximum debt to market capitalization ratios, and provide for higher interest rates in the event of a decline in our ratings below Baa3/BBB. Our credit facilities also contain customary conditions precedent to borrowing, including representations and warranties, and also contain customary events of default that could give rise to accelerated repayment, including such items as failure to pay interest or principal.

Each of our properties has been subjected to varying degrees of environmental assessment at various times. The environmental assessments did not reveal any material environmental contamination. However, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to us.

As part of the process of obtaining the required approvals to demolish and develop our 220 Central Park South property into a new residential tower, we have committed to fund the estimated project cost of approximately $400,000,000 to $425,000,000. In addition, we expect to fund additional capital to certain of our partially owned entities aggregating approximately $264,000,000.

Other Commitments and Contingencies - continued

During 2010, two of our wholly owned subsidiaries entered into agreements with Cuyahoga County, Ohio (the "County") to develop and operate the Cleveland Medical Mart and Convention Center (the "Facility"), a 1,000,000 square foot showroom, trade show and conference center in Cleveland's central business district. The County will fund the development of the Facility, using the proceeds it received from the issuance of general obligation bonds and other sources, up to the development budget of $465,000,000 and maintain effective control of the property. During the 17-year development and operating period, our subsidiaries will receive net settled payments of approximately $10,000,000 per year, which are net of its $36,000,000 annual obligation to the County. Our subsidiaries' obligation has been pledged by the County to the bondholders, but is payable by our subsidiaries only to the extent that they first receive at least an equal payment from the County. Our subsidiaries engaged a contractor to construct the Facility pursuant to a guaranteed maximum price contract; although our subsidiaries are ultimately responsible for cost overruns, the contractor is responsible for all costs incurred in excess of its contract and has provided a completion guaranty. Construction of the Facility is expected to be completed in 2013. Upon completion, our subsidiaries are required to fund $11,500,000, primarily for tenant improvements, and they are responsible for operating expenses and are entitled to the net operating income, if any, of the Facility. The County may terminate the operating agreement five years from the completion of development and periodically thereafter, if our subsidiaries fail to achieve certain performance thresholds.

Litigation

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters, including the matter referred to below, is not expected to have a material adverse effect on our financial position, results of operations or cash flows.

On January 8, 2003, Stop & Shop filed a complaint with the United States District Court for the District of New Jersey ("USDC-NJ") claiming that we had no right to reallocate and therefore continue to collect the $5,000,000 of annual rent from Stop & Shop pursuant to the Master Agreement and Guaranty, because of the expiration of the East Brunswick, Jersey City, Middletown, Union and Woodbridge leases to which the $5,000,000 of additional rent was previously allocated. Stop & Shop asserted that a prior order of the Bankruptcy Court for the Southern District of New York dated February 6, 2001, as modified on appeal to the District Court for the Southern District of New York on February 13, 2001, froze our right to reallocate which effectively terminated our right to collect the additional rent from Stop & Shop. On March 3, 2003, after we moved to dismiss for lack of jurisdiction, Stop & Shop voluntarily withdrew its complaint. On March 26, 2003, Stop & Shop filed a new complaint in New York State Supreme Court, asserting substantially the same claims as in its USDC-NJ complaint. We removed the action to the United States District Court for the Southern District of New York. In January 2005, that court remanded the action to the New York State Supreme Court. On February 14, 2005, we served an answer in which we asserted a counterclaim seeking a judgment for all the unpaid additional rent accruing through the date of the judgment and a declaration that Stop & Shop will continue to be liable for the additional rent as long as any of the leases subject to the Master Agreement and Guaranty remain in effect. On May 17, 2005, we filed a motion for summary judgment. On July 15, 2005, Stop & Shop opposed our motion and filed a cross-motion for summary judgment. On December 13, 2005, the Court issued its decision denying the motions for summary judgment. Both parties appealed the Court's decision and on December 14, 2006, the Appellate Court division issued a decision affirming the Court's decision. On January 16, 2007, we filed a motion for the reconsideration of one aspect of the Appellate Court's decision which was denied on March 13, 2007. A trial was held in November 2010 and closing arguments were held in March 2011. As of September 30, 2011, we have a $40,733,000 receivable from Stop and Shop, of which $23,105,000 has been reserved. We believe, after consultation with counsel, that the maximum reasonably possible loss is up to the total amount of the receivable of $40,733,000.

FUNDS FROM OPERATIONS ("FFO")

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 gain from sales of depreciated real estate assets, depreciation and amortization expense from real estate assets, extraordinary items 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. The calculations of both the numerator and denominator used in the computation of income per share are disclosed in footnote 17 – *Income per Share*, in the notes to our consolidated financial statements on page 28 of this Quarterly Report on Form 10-Q.

FFO for the Three and Nine Months Ended September 30, 2011 and 2010

FFO attributable to common shareholders plus assumed conversions was $195,125,000, or $1.05 per diluted share for the three months ended September 30, 2011, compared to $248,964,000, or $1.31 per diluted share, for the prior year's quarter. FFO attributable to common shareholders plus assumed conversions was $951,054,000, or $4.96 per diluted share, for the nine months ended September 30, 2011, compared to $814,030,000, or $4.29 per diluted share for the prior year's nine months. Details of certain items that affect comparability are discussed in the financial results summary of our "Overview."

(Amounts in thousands, except per share amounts)	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
Reconciliation of our net income to FFO:	**2011**	**2010**	**2011**	**2010**
Net income attributable to Vornado	$ 53,762	$ 104,252	$ 575,006	$ 390,910
Depreciation and amortization of real property	128,811	126,987	377,458	381,782
Net gain on sales of real estate	-	-	(51,623)	-
Proportionate share of adjustments to equity in net income of Toys, to arrive at FFO:				
Depreciation and amortization of real property	17,947	18,132	52,844	53,296
Net gain on sales of real estate	-	-	(491)	-
Income tax effect of above adjustments	(6,280)	(6,347)	(18,320)	(18,654)
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	27,541	19,481	73,743	58,555
Net gain on sales of real estate	(3,591)	-	(7,360)	(307)
Noncontrolling interests' share of above adjustments	(10,468)	(11,011)	(27,224)	(33,485)
FFO	207,722	251,494	974,033	832,097
Preferred share dividends	(17,627)	(13,442)	(47,743)	(41,975)
Discount on preferred share and unit redemptions	5,000	4,382	5,000	4,382
FFO attributable to common shareholders	195,095	242,434	931,290	794,504
Interest on 3.88% exchangeable senior debentures	-	6,490	19,670	19,405
Convertible preferred share dividends	30	40	94	121
FFO attributable to common shareholders plus assumed conversions	$ 195,125	$ 248,964	$ 951,054	$ 814,030
Reconciliation of Weighted Average Shares				
Weighted average common shares outstanding	184,398	182,462	184,220	182,014
Effect of dilutive securities:				
3.88% exchangeable senior debentures	-	5,736	5,736	5,736
Employee stock options and restricted share awards	1,667	1,706	1,764	1,741
Convertible preferred shares	54	70	55	71
Denominator for FFO per diluted share	186,119	189,974	191,775	189,562
FFO attributable to common shareholders plus assumed conversions per diluted share	$ 1.05	$ 1.31	$ 4.96	$ 4.29

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to fluctuations in market interest rates. Market interest rates are sensitive to many factors that are beyond our control. Our exposure to a change in interest rates on our consolidated and non-consolidated debt (all of which arises out of non-trading activity) is as follows:

(Amounts in thousands, except per share amounts)	2011			2010	
Consolidated debt:	September 30, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Variable rate	$ 2,060,734	1.98%	$ 20,607	$ 2,903,510	1.76%
Fixed rate	8,345,816	5.56%	-	7,985,932	5.66%
	$ 10,406,550	4.85%	20,607	$ 10,889,442	4.62%
Pro-rata share of debt of non-consolidated entities (non-recourse):					
Variable rate – excluding Toys	$ 284,305	2.68%	2,843	$ 345,308	1.39%
Variable rate – Toys	512,084	5.48%	5,121	501,623	4.95%
Fixed rate (including $1,275,787,000 and $1,421,820 of Toys debt in 2011 and 2010)	2,744,062 **(1)**	6.50%	-	2,428,986	6.86%
	$ 3,540,451	6.04%	7,964	$ 3,275,917	5.99%
Noncontrolling interests' share of above			(1,857)		
Total change in annual net income			$ 26,714		
Per share-diluted			$ 0.14		

(1) Excludes $36.3 billion for our 26.2% pro rata shares of liabilities related to consolidated CMBS and CDO trusts which are non-recourse to LNR and its equity holders, including us.

We may utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. As of September 30, 2011, variable rate debt with an aggregate principal amount of $557,120,000 and a weighted average interest rate of 2.81% was subject to LIBOR caps. These caps are based on a notional amount of $558,479,000 and cap LIBOR at a weighted average rate of 5.68%. In addition, we have one interest rate swap on a $425,000,000 loan that swapped the rate from LIBOR plus 2.00% (2.24% at September 30, 2011) to a fixed rate of 5.13% for the remaining seven-year term of the loan.

As of September 30, 2011, we have investments in mezzanine loans with an aggregate carrying amount of $76,362,000 that are based on variable interest rates which partially mitigate our exposure to a change in interest rates on our variable rate debt.

Fair Value of Debt

The estimated fair value of our consolidated debt is calculated based on current market prices and discounted cash flows at the rate at which similar loans could be made currently to borrowers with similar credit ratings, for the remaining term of such debt. As of September 30, 2011, the estimated fair value of our consolidated debt was $10,592,911,000.

Derivative Instruments

We have, and may in the future enter into, derivative positions that do not qualify for hedge accounting treatment, including our economic interest in J.C. Penney common shares. Because these derivatives do not qualify for hedge accounting treatment, the gains or losses resulting from their mark-to-market at the end of each reporting period are recognized as an increase or decrease in "interest and other investment income, net" on our consolidated statements of income. In addition, we are, and may in the future be, subject to additional expense based on the notional amount of the derivative positions and a specified spread over LIBOR. Because the market value of these instruments can vary significantly between periods, we may experience significant fluctuations in the amount of our investment income or expense in any given period. During the nine months ended September 30, 2011 we recognized a $27,136,000 loss from derivative instruments.

Item 4. Controls and Procedures

Disclosure Controls and Procedures: The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2011, such disclosure controls and procedures were effective.

Internal Control Over Financial Reporting: There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, as amended) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time involved in legal actions arising in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters, including the matter referred to below, is not expected to have a material adverse effect on our financial position, results of operations or cash flows.

On January 8, 2003, Stop & Shop filed a complaint with the United States District Court for the District of New Jersey ("USDC-NJ") claiming that we had no right to reallocate and therefore continue to collect the $5,000,000 of annual rent from Stop & Shop pursuant to the Master Agreement and Guaranty, because of the expiration of the East Brunswick, Jersey City, Middletown, Union and Woodbridge leases to which the $5,000,000 of additional rent was previously allocated. Stop & Shop asserted that a prior order of the Bankruptcy Court for the Southern District of New York dated February 6, 2001, as modified on appeal to the District Court for the Southern District of New York on February 13, 2001, froze our right to reallocate which effectively terminated our right to collect the additional rent from Stop & Shop. On March 3, 2003, after we moved to dismiss for lack of jurisdiction, Stop & Shop voluntarily withdrew its complaint. On March 26, 2003, Stop & Shop filed a new complaint in New York State Supreme Court, asserting substantially the same claims as in its USDC-NJ complaint. We removed the action to the United States District Court for the Southern District of New York. In January 2005, that court remanded the action to the New York State Supreme Court. On February 14, 2005, we served an answer in which we asserted a counterclaim seeking a judgment for all the unpaid additional rent accruing through the date of the judgment and a declaration that Stop & Shop will continue to be liable for the additional rent as long as any of the leases subject to the Master Agreement and Guaranty remain in effect. On May 17, 2005, we filed a motion for summary judgment. On July 15, 2005, Stop & Shop opposed our motion and filed a cross-motion for summary judgment. On December 13, 2005, the Court issued its decision denying the motions for summary judgment. Both parties appealed the Court's decision and on December 14, 2006, the Appellate Court division issued a decision affirming the Court's decision. On January 16, 2007, we filed a motion for the reconsideration of one aspect of the Appellate Court's decision which was denied on March 13, 2007. A trial was held in November 2010 and closing arguments were held in March 2011. As of September 30, 2011, we have a $40,733,000 receivable from Stop and Shop, of which $23,105,000 has been reserved. We believe, after consultation with counsel, that the maximum reasonably possible loss is up to the total amount of the receivable of $40,733,000.

Item 1A. Risk Factors

There were no material changes to the Risk Factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In the third quarter of 2011, we issued 12,085 common shares upon the redemption of Class A units of the Operating Partnership held by persons who received units, in private placements in earlier periods, in exchange for their interests in limited partnerships that owned real estate. The common shares were issued without registration under the Securities Act of 1933 in reliance on Section 4 (2) of that Act.

Information relating to compensation plans under which our equity securities are authorized for issuance is set forth under Part III, Item 12 of the Annual Report on Form 10-K for the year ended December 31, 2010, and such information is incorporated by reference herein.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits required by Item 601 of Regulation S-K are filed herewith or incorporated herein by reference and are listed in the attached Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		VORNADO REALTY TRUST (Registrant)
Date: November 3, 2011	By:	/s/ Joseph Macnow Joseph Macnow, Executive Vice President - Finance and Administration and Chief Financial Officer (duly authorized officer and principal financial and accounting officer)

EXHIBIT INDEX

Exhibit No.			
3.1	-	Articles of Restatement of Vornado Realty Trust, as filed with the State Department of Assessments and Taxation of Maryland on July 30, 2007 - Incorporated by reference to Exhibit 3.75 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-11954), filed on July 31, 2007	*
3.2	-	Amended and Restated Bylaws of Vornado Realty Trust, as amended on March 2, 2000 - Incorporated by reference to Exhibit 3.12 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000	*
3.3	-	Articles Supplementary, 6.875% Series J Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, no par value - Incorporated by reference to Exhibit 3.2 of Vornado Realty Trust's Registration Statement on Form 8-A (File No. 001-11954), filed on April 20, 2011	*
3.4	-	Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of October 20, 1997 (the "Partnership Agreement") – Incorporated by reference to Exhibit 3.26 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.5	-	Amendment to the Partnership Agreement, dated as of December 16, 1997 – Incorporated by reference to Exhibit 3.27 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.6	-	Second Amendment to the Partnership Agreement, dated as of April 1, 1998 – Incorporated by reference to Exhibit 3.5 to Vornado Realty Trust's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998	*
3.7	-	Third Amendment to the Partnership Agreement, dated as of November 12, 1998 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 30, 1998	*
3.8	-	Fourth Amendment to the Partnership Agreement, dated as of November 30, 1998 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on February 9, 1999	*
3.9	-	Fifth Amendment to the Partnership Agreement, dated as of March 3, 1999 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on March 17, 1999	*
3.10	-	Sixth Amendment to the Partnership Agreement, dated as of March 17, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999	*
3.11	-	Seventh Amendment to the Partnership Agreement, dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999	*
3.12	-	Eighth Amendment to the Partnership Agreement, dated as of May 27, 1999 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on July 7, 1999	*
3.13	-	Ninth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999	*

* Incorporated by reference.

3.14	-	Tenth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to exhibit 3,4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999	*
3.15	-	Eleventh Amendment to the Partnership Agreement, dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on December 23, 1999	*
3.16	-	Twelfth Amendment to the Partnership Agreement, dated as of May 1, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on May 19, 2000	*
3.17	-	Thirteenth Amendment to the Partnership Agreement, dated as of May 25, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on June 16, 2000	*
3.18	-	Fourteenth Amendment to the Partnership Agreement, dated as of December 8, 2000 - Incorporated by reference to Exhibit 3.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on December 28, 2000	*
3.19	-	Fifteenth Amendment to the Partnership Agreement, dated as of December 15, 2000 - Incorporated by reference to Exhibit 4.35 to Vornado Realty Trust’s Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001	*
3.20	-	Sixteenth Amendment to the Partnership Agreement, dated as of July 25, 2001 - Incorporated by reference to Exhibit 3.3 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001 11954), filed on October 12, 2001	*
3.21	-	Seventeenth Amendment to the Partnership Agreement, dated as of September 21, 2001 - Incorporated by reference to Exhibit 3.4 to Vornado Realty Trust’s Current Report on Form 8 K (File No. 001-11954), filed on October 12, 2001	*
3.22	-	Eighteenth Amendment to the Partnership Agreement, dated as of January 1, 2002 - Incorporated by reference to Exhibit 3.1 to Vornado Realty Trust’s Current Report on Form 8-K/A (File No. 001-11954), filed on March 18, 2002	*
3.23	-	Nineteenth Amendment to the Partnership Agreement, dated as of July 1, 2002 - Incorporated by reference to Exhibit 3.47 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 001-11954), filed on August 7, 2002	*
3.24	-	Twentieth Amendment to the Partnership Agreement, dated April 9, 2003 - Incorporated by reference to Exhibit 3.46 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 001-11954), filed on May 8, 2003	*
3.25	-	Twenty-First Amendment to the Partnership Agreement, dated as of July 31, 2003 - Incorporated by reference to Exhibit 3.47 to Vornado Realty Trust’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (File No. 001-11954), filed on November 7, 2003	*
3.26	-	Twenty-Second Amendment to the Partnership Agreement, dated as of November 17, 2003 – Incorporated by reference to Exhibit 3.49 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 001-11954), filed on March 3, 2004	*
3.27	-	Twenty-Third Amendment to the Partnership Agreement, dated May 27, 2004 – Incorporated by reference to Exhibit 99.2 to Vornado Realty Trust’s Current Report on Form 8-K (File No. 001-11954), filed on June 14, 2004	*

* Incorporated by reference.

3.28	-	Twenty-Fourth Amendment to the Partnership Agreement, dated August 17, 2004 – Incorporated by reference to Exhibit 3.57 to Vornado Realty Trust and Vornado Realty L.P.'s Registration Statement on Form S-3 (File No. 333-122306), filed on January 26, 2005	*
3.29	-	Twenty-Fifth Amendment to the Partnership Agreement, dated November 17, 2004 – Incorporated by reference to Exhibit 3.58 to Vornado Realty Trust and Vornado Realty L.P.'s Registration Statement on Form S-3 (File No. 333-122306), filed on January 26, 2005	*
3.30	-	Twenty-Sixth Amendment to the Partnership Agreement, dated December 17, 2004 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2004	*
3.31	-	Twenty-Seventh Amendment to the Partnership Agreement, dated December 20, 2004 – Incorporated by reference to Exhibit 3.2 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2004	*
3.32	-	Twenty-Eighth Amendment to the Partnership Agreement, dated December 30, 2004 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on January 4, 2005	*
3.33	-	Twenty-Ninth Amendment to the Partnership Agreement, dated June 17, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 21, 2005	*
3.34	-	Thirtieth Amendment to the Partnership Agreement, dated August 31, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on September 1, 2005	*
3.35	-	Thirty-First Amendment to the Partnership Agreement, dated September 9, 2005 - Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on September 14, 2005	*
3.36	-	Thirty-Second Amendment and Restated Agreement of Limited Partnership, dated as of December 19, 2005 – Incorporated by reference to Exhibit 3.59 to Vornado Realty L.P.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (File No. 000-22685), filed on May 8, 2006	*
3.37	-	Thirty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of April 25, 2006 – Incorporated by reference to Exhibit 10.2 to Vornado Realty Trust's Form 8-K (File No. 001-11954), filed on May 1, 2006	*
3.38	-	Thirty-Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of May 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on May 3, 2006	*
3.39	-	Thirty-Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of August 17, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Form 8-K (File No. 000-22685), filed on August 23, 2006	*
3.40	-	Thirty-Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of October 2, 2006 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Form 8-K (File No. 000-22685), filed on January 22, 2007	*

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* Incorporated by reference.

3.41	-	Thirty-Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.42	-	Thirty-Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.2 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.43	-	Thirty-Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.3 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.44	-	Fortieth Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of June 28, 2007 – Incorporated by reference to Exhibit 3.4 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on June 27, 2007	*
3.45	-	Forty-First Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of March 31, 2008 – Incorporated by reference to Exhibit 3.44 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (file No. 001-11954), filed on May 6, 2008	*
3.46	-	Forty-Second Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of December 17, 2010 – Incorporated by reference to Exhibit 99.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on December 21, 2010	*
3.47	-	Forty-Third Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of April 20, 2011 – Incorporated by reference to Exhibit 3.1 to Vornado Realty L.P.'s Current Report on Form 8-K (File No. 000-22685), filed on April 21, 2011	*
4.1	-	Indenture, dated as of November 25, 2003, between Vornado Realty L.P. and The Bank of New York, as Trustee - Incorporated by reference to Exhibit 4.10 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 001-11954), filed on April 28, 2005	*
4.2	-	Indenture, dated as of November 20, 2006, among Vornado Realty Trust, as Issuer, Vornado Realty L.P., as Guarantor and The Bank of New York, as Trustee – Incorporated by reference to Exhibit 4.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on November 27, 2006	*
		Certain instruments defining the rights of holders of long-term debt securities of Vornado Realty Trust and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. Vornado Realty Trust hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of any such instruments.	
10.1	-	Master Agreement and Guaranty, between Vornado, Inc. and Bradlees New Jersey, Inc. dated as of May 1, 1992 - Incorporated by reference to Vornado, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 (File No. 001-11954), filed May 8, 1992	*
10.2	-	Registration Rights Agreement between Vornado, Inc. and Steven Roth, dated December 29, 1992 - Incorporated by reference to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993	*

* Incorporated by reference.

10.3	**	-	Stock Pledge Agreement between Vornado, Inc. and Steven Roth dated December 29, 1992 - Incorporated by reference to Vornado, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993	*
10.4	**	-	Management Agreement between Interstate Properties and Vornado, Inc. dated July 13, 1992 - Incorporated by reference to Vornado, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-11954), filed February 16, 1993	*
10.5	**	-	Employment Agreement, dated as of April 15, 1997, by and among Vornado Realty Trust, The Mendik Company, L.P. and David R. Greenbaum - Incorporated by reference to Exhibit 10.4 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on April 30, 1997	*
10.6	**	-	Promissory Note from Steven Roth to Vornado Realty Trust, dated December 23, 2005 – Incorporated by reference to Exhibit 10.15 to Vornado Realty Trust Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 001-11954), filed on February 28, 2006	*
10.7	**	-	Letter agreement, dated November 16, 1999, between Steven Roth and Vornado Realty Trust - Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000	*
10.8		-	Agreement and Plan of Merger, dated as of October 18, 2001, by and among Vornado Realty Trust, Vornado Merger Sub L.P., Charles E. Smith Commercial Realty L.P., Charles E. Smith Commercial Realty L.L.C., Robert H. Smith, individually, Robert P. Kogod, individually, and Charles E. Smith Management, Inc. - Incorporated by reference to Exhibit 2.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on January 16, 2002	*
10.9		-	Tax Reporting and Protection Agreement, dated December 31, 2001, by and among Vornado, Vornado Realty L.P., Charles E. Smith Commercial Realty L.P. and Charles E. Smith Commercial Realty L.L.C. - Incorporated by reference to Exhibit 10.3 to Vornado Realty Trust's Current Report on Form 8-K/A (File No. 1-11954), filed on March 18, 2002	*
10.10		-	Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated March 8, 2002 - Incorporated by reference to Exhibit 10.7 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (File No. 001-11954), filed on May 1, 2002	*
10.11	**	-	First Amendment, dated October 31, 2002, to the Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated March 8, 2002 - Incorporated by reference to Exhibit 99.6 to the Schedule 13D filed by Michael D. Fascitelli on November 8, 2002	*
10.12	**	-	Amendment to Real Estate Retention Agreement, dated as of July 3, 2002, by and between Alexander's, Inc. and Vornado Realty L.P. - Incorporated by reference to Exhibit 10(i)(E)(3) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002	*
10.13		-	59th Street Real Estate Retention Agreement, dated as of July 3, 2002, by and between Vornado Realty L.P., 731 Residential LLC and 731 Commercial LLC - Incorporated by reference to Exhibit 10(i)(E)(4) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002	*

* Incorporated by reference.
** Management contract or compensatory agreement.

10.14		-	Amended and Restated Management and Development Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. - Incorporated by reference to Exhibit 10(i)(F)(1) to Alexander's Inc.'s Quarterly Report for the quarter ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002	*
10.15		-	Amendment dated May 29, 2002, to the Stock Pledge Agreement between Vornado Realty Trust and Steven Roth dated December 29, 1992 - Incorporated by reference to Exhibit 5 of Interstate Properties' Schedule 13D/A dated May 29, 2002 (File No. 005-44144), filed on May 30, 2002	*
10.16	**	-	Vornado Realty Trust's 2002 Omnibus Share Plan - Incorporated by reference to Exhibit 4.2 to Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-102216) filed December 26, 2002	*
10.17	**	-	Form of Stock Option Agreement between the Company and certain employees – Incorporated by reference to Exhibit 10.77 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005	*
10.18	**	-	Form of Restricted Stock Agreement between the Company and certain employees – Incorporated by reference to Exhibit 10.78 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-11954), filed on February 25, 2005	*
10.19	**	-	Amendment, dated March 17, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (File No. 001-11954), filed on May 2, 2006	*
10.20	**	-	Form of Vornado Realty Trust 2006 Out-Performance Plan Award Agreement, dated as of April 25, 2006 – Incorporated by reference to Exhibit 10.1 to Vornado Realty Trust's Form 8-K (File No. 001-11954), filed on May 1, 2006	*
10.21	**	-	Form of Vornado Realty Trust 2002 Restricted LTIP Unit Agreement – Incorporated by reference to Vornado Realty Trust's Form 8-K (Filed No. 001-11954), filed on May 1, 2006	*
10.22	**	-	Amendment No.2, dated May 18, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-11954), filed on August 1, 2006	*
10.23	**	-	Amended and Restated Employment Agreement between Vornado Realty Trust and Joseph Macnow dated July 27, 2006 – Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 001-11954), filed on August 1, 2006	*
10.24		-	Guaranty, made as of June 28, 2006, by Vornado Realty Trust, for the benefit of JP Morgan Chase Bank - Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-11954), filed on October 31, 2006	*

* Incorporated by reference.

** Management contract or compensatory agreement.

10.25	**	-	Amendment, dated October 26, 2006, to the Vornado Realty Trust Omnibus Share Plan – Incorporated by reference to Exhibit 10.54 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 001-11954), filed on October 31, 2006	*
10.26	**	-	Amendment to Real Estate Retention Agreement, dated January 1, 2007, by and between Vornado Realty L.P. and Alexander's Inc. – Incorporated by reference to Exhibit 10.55 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007	*
10.27	**	-	Amendment to 59th Street Real Estate Retention Agreement, dated January 1, 2007, by and among Vornado Realty L.P., 731 Retail One LLC, 731 Restaurant LLC, 731 Office One LLC and 731 Office Two LLC. – Incorporated by reference to Exhibit 10.56 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 001-11954), filed on February 27, 2007	*
10.28	**	-	Employment Agreement between Vornado Realty Trust and Mitchell Schear, as of April 19, 2007 – Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 001-11954), filed on May 1, 2007	*
10.29		-	Revolving Credit Agreement, dated as of September 28, 2007, among Vornado Realty L.P. as borrower, Vornado Realty Trust as General Partner, the Banks signatory thereto, each as a Bank, JPMorgan Chase Bank, N.A. as Administrative Agent, Bank of America, N.A. as Syndication Agent, Citicorp North America, Inc., Deutsche Bank Trust Company Americas, and UBS Loan Finance LLC as Documentation Agents, and J.P. Morgan Securities Inc. and Bank of America Securities LLC as Lead Arrangers and Bookrunners. - Incorporated by reference to Exhibit 10.1 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 4, 2007	*
10.30		-	Second Amendment to Revolving Credit Agreement, dated as of September 28, 2007, by and among Vornado Realty L.P. as borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and J.P. Morgan Chase Bank N.A., as Administrative Agent for the Banks - Incorporated by reference to Exhibit 10.2 to Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 4, 2007	*
10.31	**	-	Form of Vornado Realty Trust 2002 Omnibus Share Plan Non-Employee Trustee Restricted LTIP Unit Agreement – Incorporated by reference to Exhibit 10.45 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 001-11954) filed on February 26, 2008	*
10.32	**	-	Form of Vornado Realty Trust 2008 Out-Performance Plan Award Agreement – Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-11954) filed on May 6, 2008	*
10.33	**	-	Amendment to Employment Agreement between Vornado Realty Trust and Michael D. Fascitelli, dated December 29, 2008. Incorporated by reference to Exhibit 10.47 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*

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* Incorporated by reference.

** Management contract or compensatory agreement.

10.34	**	-	Amendment to Employment Agreement between Vornado Realty Trust and Joseph Macnow, dated December 29, 2008. Incorporated by reference to Exhibit 10.48 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.35	**	-	Amendment to Employment Agreement between Vornado Realty Trust and David R. Greenbaum, dated December 29, 2008. Incorporated by reference to Exhibit 10.49 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.36	**	-	Amendment to Indemnification Agreement between Vornado Realty Trust and David R. Greenbaum, dated December 29, 2008. Incorporated by reference to Exhibit 10.50 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.37	**	-	Amendment to Employment Agreement between Vornado Realty Trust and Mitchell N. Schear, dated December 29, 2008. Incorporated by reference to Exhibit 10.51 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.38	**	-	Amendment to Employment Agreement between Vornado Realty Trust and Christopher G. Kennedy, dated December 29, 2008. Incorporated by reference to Exhibit 10.53 to Vornado Realty Trust’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-11954) filed on February 24, 2009	*
10.39	**	-	Vornado Realty Trust's 2010 Omnibus Share Plan. Incorporated by reference to Exhibit 10.41 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 001-11954) filed on August 3, 2010	*
10.40	**	-	Employment Agreement between Vornado Realty Trust and Michael J. Franco, dated September 24, 2010. Incorporated by reference to Exhibit 10.42 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 001-11954) filed on November 2, 2010	*
10.41	**	-	Form of Vornado Realty Trust 2010 Omnibus Share Plan Stock Agreement. Incorporated by reference to Exhibit 10.42 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-11954) filed on February 23, 2011	*
10.42	**	-	Form of Vornado Realty Trust 2010 Omnibus Share Plan Restricted LTIP Unit Agreement Incorporated by reference to Exhibit 10.43 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-11954) filed on February 23, 2011	*
10.43	**	-	Form of Vornado Realty Trust 2010 Omnibus Share Plan Restricted Stock Agreement Incorporated by reference to Exhibit 10.44 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-11954) filed on February 23, 2011	*
10.44	**	-	Letter Agreement between Vornado Realty Trust and Michelle Felman, dated December 21, 2010. Incorporated by reference to Exhibit 10.45 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-11954) filed on February 23, 2011	*

* Incorporated by reference.

** Management contract or compensatory agreement.

10.45	**	-	Waiver and Release between Vornado Realty Trust and Michelle Felman, dated December 21, 2010. Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-11954) filed on February 23, 2011	*
10.46		-	Revolving Credit Agreement dated as of June 8, 2011, by and among Vornado Realty L.P. as borrower, Vornado Realty Trust as General Partner, the Banks listed on the signature pages thereof, and J.P. Morgan Chase Bank N.A., as Administrative Agent for the Banks. Incorporated by reference to Exhibit 10.46 to Vornado Realty Trust's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 (File No. 001-11954) filed on August 1, 2011	*
10.47	**	-	Letter Agreement between Vornado Realty Trust and Christopher G. Kennedy, dated August 5, 2011	
10.48	**	-	Waiver and Release between Vornado Realty Trust and Christopher G. Kennedy, dated August 5, 2011	
15.1		-	Letter regarding Unaudited Interim Financial Information	
31.1		-	Rule 13a-14 (a) Certification of the Chief Executive Officer	
31.2		-	Rule 13a-14 (a) Certification of the Chief Financial Officer	
32.1		-	Section 1350 Certification of the Chief Executive Officer	
32.2		-	Section 1350 Certification of the Chief Financial Officer	
101.INS		-	XBRL Instance Document	
101.SCH		-	XBRL Taxonomy Extension Schema	
101.CAL		-	XBRL Taxonomy Extension Calculation Linkbase	
101.DEF		-	XBRL Taxonomy Extension Definition Linkbase	
101.LAB		-	XBRL Taxonomy Extension Label Linkbase	
101.PRE		-	XBRL Taxonomy Extension Presentation Linkbase	

* Incorporated by reference.
** Management contract or compensatory agreement.

EXHIBIT A

Christopher G. Kennedy

Dear Mr. Kennedy:

This letter agreement shall set forth the terms and conditions pursuant to which Vornado Realty Trust (" Vornado") will engage you to provide consulting services to Vornado on an independent contractor basis. This is the "Consulting Letter" referred to in the Separation and General Release Agreement ("Separation Agreement") between you and Vornado dated August 5, 2011.

1. Services. During the Consulting Period (as defined in Section 2 below), Vornado hereby engages you as an independent contractor to provide to Vornado (a) assistance with the transition of your services in connection with your separation from service as an officer of Vornado ("Transition Services"), and (b) such additional services, as reasonably requested by Vornado (the "Advisory Services", and together with the Transition Services, the "Services"). Vornado will make an office and secretary available for your use during the Consulting Period.

2. Consulting Period. The Consulting Period shall commence on the later to occur of (a) July 23, 2011, and (b) the date this letter agreement is countersigned by you; and shall expire on March 31, 2012. Notwithstanding the foregoing, the Consulting Period shall terminate immediately and without prior written notice if you (a) are reasonably determined by Vornado to be in material breach of this letter agreement or the Separation Agreement, or (b) commit any act or omission that involves dishonesty or disloyalty to Vornado or its affiliates (collectively, a "Termination Event").

3. Fees. As fees for all Services rendered by you under this letter agreement, you shall receive consulting fees ("Consulting Fees") payable monthly at the annual rate of $500,000.00 (prorated for partial months); provided, however, that the final monthly payment payable to you under this Agreement upon termination or expiration of the Consulting Period shall be subject to (i) your execution and delivery of the "Confirming Waiver and Release" referenced in the Separation Agreement in the time and manner provided thereby, and (ii) effectiveness of such Confirming Waiver and Release following the applicable revocation period. All Consulting Fees under this letter agreement shall be payable without deduction for federal income, social security, or state or local income taxes.

4. Duties. During the Consulting Period, you shall devote your best efforts and abilities and business time to the Consulting Services, to the extent required and in the manner requested by Vornado.

5. Independent Contractor. It is expressly agreed that you are acting solely as an independent contractor in performing the Services. Neither party to this letter agreement has any authority to bind or commit the other nor will either party's acts or omissions be deemed the acts of the other. Except to the extent provided by Vornado's health policies, Vornado shall carry no worker's compensation insurance or any health or accident insurance to cover you. Vornado shall not pay any contributions to Social Security, unemployment insurance, federal or state withholding taxes and you expressly waive any right to such participation or coverage. By executing this letter agreement, you agree that you shall make such contributions and pay applicable taxes and hereby indemnify and hold harmless Vornado in the event of your failure to do so.

6. Confidential Information. By executing this letter agreement below, you agree that during the course of your providing services to Vornado as an independent contractor and at all times thereafter, you shall not, directly or indirectly, use or disclose, in whole or in part, any of Vornado's trade secrets, confidential or proprietary information, including tenant and customer lists and information, to any person, firm, corporation, or other entity for any reason or purpose whatsoever other than as expressly permitted by Vornado in the course of your providing independent contractor services to Vornado. By signing this letter agreement below, you further acknowledge and agree that Sections 9, 10 and 11 of the Employment Agreement between you and Vornado dated August 1, 2003, as amended (the "Employment Agreement") survived the separation of your employment with Vornado, and shall continue to survive the termination of the Consulting Period, and nothing in this letter agreement shall be deemed to alter your obligations with respect thereto. **You hereby agree that for purposes of Section 10 of the Employment Agreement, the term "Restriction Period" as used therein shall be extended until the later of the Restriction Period as defined in such Section of the Employment Agreement or the one-year anniversary of the expiration of the Consulting Period.**

7. Entire Agreement. This letter agreement, the preserved sections of the Employment Agreement and the Separation Agreement contain the entire agreement of the parties with respect to the subject matter hereof and supersede all agreements and understandings (whether oral or written) between the parties hereto concerning the subject matter hereof. This letter agreement may be modified by the parties hereto only by a written supplemental agreement executed by both parties.

[signature page follows]

Kindly sign your name at the end of this letter agreement to signify your understanding and acceptance of these terms and that no one at Vornado has made any other representation to you. The letter agreement, countersigned by you, must be returned to Vornado. Vornado looks forward to your providing the Services.

Very truly yours,

Vornado Realty Trust

BY: /s/ Michael D. Fascitelli_____

Agreed and accepted this 5th day
of August, 2011

/s/ Christopher G. Kennedy_____
Christopher G. Kennedy

Exhibit 10.48

SEPARATION AND GENERAL RELEASE AGREEMENT

This Separation and General Release Agreement must be executed and returned to Employer (Attn: Alan J. Rice, Senior Vice President, Corporation Counsel) on or before August 12, 2011.

THIS SEPARATION AND GENERAL RELEASE AGREEMENT (this " Separation Agreement") is entered into between **CHRISTOPHER G. KENNEDY**, an individual residing at 158 Melrose Ave, Kenilworth, IL 60043 (the "Employee") and **VORNADO REALTY TRUST**, with an address at 210 Route 4 East, Paramus, New Jersey 07652 (the "Employer"). Employer, together with its past, present and future direct and indirect subsidiaries, affiliated entities, related companies and divisions and each of their respective past, present and future officers, directors, employees, shareholders, trustees, members, partners, attorneys and agents (in each case, individually and in their official capacities), and each of their respective employee benefit plans (and such plans' fiduciaries, agents, administrators and insurers, individually and in their official capacities), as well as any predecessors, future successors or assigns or estates of any of the foregoing, is collectively referred to in this Separation Agreement as the "Released Parties."

1 . Separation of Employment. Employee acknowledges and understands that Employee's employment under the employment agreement dated as of August 1, 2003 between Employee and Employer, as amended (the "Employment Agreement") is terminated July 22, 2011 (the "Separation Date"). Employee further acknowledges and understands that Employee's last day of employment with Employer is the Separation Date and that Employee has received all compensation and benefits to which Employee is entitled as a result of Employee's employment, except as otherwise provided in this Separation Agreement. Employee understands that, except as otherwise provided in this Separation Agreement, Employee is entitled to nothing further from the Released Parties, including reinstatement by Employer or any of its affiliates.

2 . Employee General Release of the Released Parties. In consideration of the payments and benefits set forth in Section 4 below and Employer's agreement to engage Employee as an independent contractor under the Consulting Letter (as defined below in Section 5), Employee hereby unconditionally and irrevocably releases, waives, discharges and gives up, to the full extent permitted by law, any and all Claims (as defined below) that Employee may have against any of the Released Parties, arising on or prior to the date of Employee's execution and delivery of this Separation Agreement to Employer. "Claims" means any and all actions, charges, controversies, demands, causes of action, suits, rights, and/or claims whatsoever for debts, sums of money, wages, salary, severance pay, commissions, fees, bonuses, unvested stock options, vacation pay, sick pay, fees and costs, attorneys fees, losses, penalties, damages, including damages for pain and suffering and emotional harm, arising, directly or indirectly, out of any promise, agreement (including, without limitation, the Employment Agreement), offer letter, contract, understanding, common law, tort, the laws, statutes, and/or regulations of the States of Illinois, New Jersey, New York or any other state and the United States, including, but not limited to, federal and state wage and hour laws (to the extent waiveable), federal and state whistleblower laws, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Lilly Ledbetter Fair Pay Act of 2009, the Americans with Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act (excluding COBRA), the Vietnam Era Veterans Readjustment Assistance Act, the Fair Credit Reporting Act, the Occupational Safety and Health Act, the Age Discrimination in Employment Act ("ADEA"), the Older Workers' Benefit Protection Act, the Sarbanes-Oxley Act of 2002, the federal False Claims Act, the Illinois Human Rights Act, the Cook County Human Rights Ordinance, the Chicago Human Rights Ordinance, the New Jersey Law Against Discrimination, the New Jersey Family Leave Act, the New Jersey Civil Rights Act, the New Jersey Conscientious Employee Protection Act, the New Jersey False Claims Act, the New York State Human Rights Laws, and the New York City Human Rights Laws, as each may be amended from time to time, whether arising directly or indirectly from any act or omission, whether intentional or unintentional. This Section 2 releases all Claims including those of which Employee is not aware and those not mentioned in this Separation Agreement. Employee specifically releases any and all Claims arising out of Employee's employment with Employer or termination therefrom. Employee expressly acknowledges and agrees that, by entering into this Separation Agreement, Employee is releasing and waiving any and all Claims, including, without limitation, Claims that Employee may have arising under ADEA, which have arisen on or before the date of Employee's execution and delivery of this Separation Agreement to Employer.

3 . Representations; Covenant Not to Sue. Employee hereby represents and warrants that (A) Employee has not filed, caused or permitted to be filed any pending proceeding (nor has Employee lodged a complaint with any governmental or quasi-governmental authority) against any of the Released Parties, nor has Employee agreed to do any of the foregoing, (B) Employee has not assigned, transferred, sold, encumbered, pledged, hypothecated, mortgaged, distributed, or otherwise disposed of or conveyed to any third party any right or Claim against any of the Released Parties which has been released in this Separation Agreement, and (C) Employee has not directly or indirectly assisted any third party in filing, causing or assisting to be filed, any Claim against any of the Released Parties. Except as set forth in Section 12 below, Employee covenants and agrees that Employee shall not encourage or solicit or voluntarily assist or participate in any way in the filing, reporting or prosecution by herself or any third party of a proceeding or Claim against any of the Released Parties based upon or relating to any Claim released by Employee in this Separation Agreement.

4. Payment. As good consideration for Employee's execution, delivery and non-revocation of this Separation Agreement:

(i) Employer shall pay Employee severance in an aggregate amount equal to $1,350,000 (less applicable withholdings and other customary payroll deductions) (collectively, the "Periodic Severance Payments"), payable as follows: (a) $675,000 (the "First Payment Amount") plus interest calculated in the manner set forth below, payable on the first business day following the six month anniversary of the Separation Date, and (b) $675,000 payable ratably over the six month period commencing on the six month anniversary of the Separation Date, in accordance with the Employer's customary payroll practices. Interest will accrue on the First Payment Amount at a rate, per annum, equal to the applicable federal short-term rate (compounded monthly) in effect under Section 1274(d) of the Internal Revenue Code of 1986, as amended, on the Separation Date. Interest payable on the First Payment Amount will be calculated as if the First Payment Amount would have been payable ratably over the first six months after the Separation Date and accrue on each such deemed ratable payment from the date such payment would have been paid (if it had been paid ratably). Notwithstanding the foregoing, if Employee is re-employed within 12 months following the Separation Date, Employee shall provide notice to the Employer and the Periodic Severance Payments shall cease; provided, however, that if the Employee obtains employment within six months following the Separation Date, Employee will be paid a pro rata portion of the First Payment Amount on the first business day following the six month anniversary of the Separation Date based on the number of days during such six month period that he did not have other employment;

(ii) Employer shall pay Employee an amount equal to $193,699 (the "Bonus Severance Payment" and together with the Periodic Severance Payments, the "Separation Payments") (less applicable withholdings and other customary payroll deductions) within ten (10) business days following the effectiveness of this Separation Agreement; and

(iii) Employee's 3,739 unvested Restricted LTIP Units (all of the unvested Restricted LTIP Units as of the Separation Date that had been awarded to Employee in lieu of cash bonuses) shall fully vest on, and not before, March 31, 2012, provided that Employee (i) has not breached this Separation Agreement or the Consulting Agreement, and (ii) executes a Waiver and Release (the "Confirming Waiver and Release") substantially identical to this Separation Agreement and which has an effective date no earlier than March 31, 2012. The Confirming Waiver and Release will be provided by Employer to Employee for review on or before March 1, 2012. Employee's consulting services under the Consulting Letter will be recognized for purposes of determining Employee's vested interest in all other equity awards made by Employer to Employee that are unvested as of the Separation Date provided that Employee has not breached this Separation Agreement or the Consulting Agreement. To the extent not vested at termination of the Consulting Period, such awards shall be immediately forfeited and canceled. All of Employee's vested stock options shall terminate on the 60th day following the last day of the Consulting Period to the extent not exercised on or before such 60th day, and provided that Employee has not breached this Separation Agreement or the Consulting Agreement.

Employee acknowledges that the payments and benefits set forth in this Section 4 constitute full satisfaction of Employer's obligations under the Employment Agreement (including, without limitation, Section 8(c) thereof) or otherwise arising out of Employee's employment or termination thereof. Employee further acknowledges that Employee is not otherwise entitled to the payments and benefits described in this Section 4 or to Employer's agreement to engage Employee as an independent contractor pursuant to the Consulting Letter and acknowledges that nothing in this Agreement shall be deemed to be an admission of liability on the part of any of the Released Parties. Employee agrees that Employee will not seek anything further from any of the Released Parties.

5 . Consulting Letter. In further consideration of, and subject to, Employee's execution, delivery, and non-revocation of this Agreement, Employer will agree to engage Employee, on an independent contractor basis, to perform consulting services to the Employer upon the terms and conditions set forth in a letter to Employee in the form attached to this Agreement as Exhibit A (the "Consulting Letter").

6 . Who is Bound. Employer and Employee are bound by this Separation Agreement. Anyone who succeeds to Employee's rights and responsibilities, such as the executors of Employee's estate, is bound and anyone who succeeds to Employer's rights and responsibilities, such as its successors and assigns, is also bound.

7 . Cooperation With Investigations/Litigation. Employee agrees, upon Employer's request, to reasonably cooperate in any Employer investigation, litigation, arbitration, or regulatory proceeding regarding events that occurred during Employee's tenure with Employer. Employee will make himself reasonably available to consult with Employer's counsel, to provide information, and to appear to give testimony. Employer will reimburse Employee for reasonable out-of-pocket expenses Employee incurs in extending such cooperation, so long as Employee provides advance written notice of Employee's request for reimbursement and provides satisfactory documentation of the expenses.

8 . Confidentiality and Non Disparagement. Employee agrees not to make any defamatory or derogatory statements concerning any of the Released Parties. Provided inquiries are directed to Employer's Human Resources Department, Employer shall disclose to prospective employers information limited to Employee's dates of employment and last position held by Employee. Employee confirms and agrees that Employee shall not, directly or indirectly, disclose to any person or entity or use for Employee's own benefit, any confidential information concerning the business, projects, finances or operations of Employer, its affiliates or any of its or their respective clients, customers and tenants; *provided, however*, that Employee's obligations under this Section 8 shall not apply to information generally known in Employer's industry through no fault of Employee or the disclosure of which is required by law after reasonable notice has been provided to Employer sufficient to enable Employer to contest the disclosure. Confidential information shall include, without limitation, trade secrets, customer, client, prospect and tenant lists, details of contracts, pricing policies, operational materials, marketing plans or strategies, security and safety plans and strategies, project development, and any other non-public or confidential information of, or relating to, Employer or its affiliates. Employee shall not reveal the amounts paid to Employee or the other terms of this Separation Agreement to anyone, except to Employee's immediate family, legal and financial advisors and then only after securing the agreement of such individual to maintain the confidentiality of this Separation Agreement, or in response to a subpoena or other legal process, after reasonable notice has been provided to Employer sufficient to enable Employer to contest the disclosure. Without limitation of the foregoing, Employee acknowledges that the terms of Sections 9, 10, and 11 of the Employment Agreement shall survive the Separation Date and remain in full force and effect. **Employee hereby agrees that for purposes of Section 10 of the Employment Agreement, the term "Restriction Period" as used therein shall be extended until the later of the Restriction Period as defined in such Section of the Employment Agreement or the one-year anniversary of the expiration of the Consulting Period.** Employee hereby represents and warrants to Employer that Employee has at all times been in full compliance with the terms of Sections 9 and 10 of the Employment Agreement.

9. Remedies. If Employee breaches any term or condition of this Separation Agreement or any representation made by Employee in this Separation Agreement was false when made, it shall constitute a material breach of this Separation Agreement and, in addition to and not instead of the Released Parties' other remedies hereunder or otherwise at law or in equity, Employee shall be required to immediately, upon written notice from Employer, return the Separation Payments paid by Employer under Section 4 of this Separation Agreement, less the greater of: (A) $500; or (B) 10% of the Separation Payments paid by Employer hereunder. Employee agrees that if Employee is required to return any of the Separation Payments, this Separation Agreement shall continue to be binding on Employee and the Released Parties shall be entitled to enforce the provisions of this Separation Agreement as if none of the Separation Payments had been repaid to Employer and Employer shall have no further obligations to Employee under Section 4 of this Separation Agreement and may terminate the Consulting Period (as defined under the Consulting Letter) and the Employer's obligations under the Consulting Letter. Further, in the event of a breach by Employee of his obligations under this Separation Agreement, Employee agrees to pay all of the Released Parties' attorneys' fees and other costs associated with enforcing the terms this Separation Agreement. Notwithstanding the foregoing, it is understood and agreed that Employee shall have no automatic repayment obligations or obligation to pay the Released Parties' attorneys' fees and other costs associated with enforcing the terms of this Separation Agreement if Employee were to challenge the validity of the ADEA waiver only.

10. Employer Property. Employee agrees to return to Employer all of Employer's and its affiliates' property in Employee's possession, custody and/or control, including, but not limited to, all equipment, vehicles, computers, personal digital assistants, pass codes, keys, swipe cards, credit cards, documents or other materials, in whatever form or format, that Employee received, prepared, or helped prepare, except to the extent permitted to be retained by Employee during the Consulting Period set forth in the Consulting Letter. Employee agrees that Employee will not retain any copies, duplicates, reproductions, computer disks, or excerpts thereof of Employer's or its affiliates' documents except to the extent permitted to be retained by Employee during the Consulting Period set forth in the Consulting Letter.

11. Construction of Agreement. In the event that one or more of the provisions contained in this Separation Agreement, the Consulting Letter or the preserved sections of the Employment Agreement shall for any reason be held unenforceable in any respect under the law of any state of the United States or the United States, such unenforceability shall not affect any other provision of this Separation Agreement, but this Separation Agreement, the Consulting Letter, and the preserved sections of the Employment Agreement shall then be construed as if such unenforceable provision or provisions had never been contained herein; *provided, however*, that if any court were to find that the waiver and release of Claims set forth in Section 2 of this Separation Agreement is unlawful or unenforceable, or was not entered into knowingly or voluntarily, Employee agrees, at Employer's option, either to return the Separation Payments set forth in Section 4 of this Separation Agreement or to execute a waiver and release of Claims in a form satisfactory to Employer that is lawful and enforceable. If it is ever held that any restriction hereunder, the Consulting Letter, or under the preserved sections of the Employment Agreement is too broad to permit enforcement of such restriction to its fullest extent, such restriction shall be enforced to the maximum extent permitted by applicable law. This Separation Agreement, the Consulting Letter, the preserved sections of the Employment Agreement, and any and all matters arising directly or indirectly herefrom shall be governed under the laws of the State of New York without reference to choice of law rules. Employer and Employee consent to the sole jurisdiction of the federal and state courts of New York. **EMPLOYER AND EMPLOYEE HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY IN ANY ACTION CONCERNING THIS SEPARATION AGREEMENT OR ANY AND ALL MATTERS ARISING DIRECTLY OR INDIRECTLY HEREFROM, AND REPRESENT THAT THEY HAVE CONSULTED WITH COUNSEL OF THEIR CHOICE OR HAVE CHOSEN VOLUNTARILY NOT TO DO SO SPECIFICALLY WITH RESPECT TO THIS WAIVER.**

12. Acknowledgments. Employer and Employee acknowledge and agree that:

(A) By entering in this Separation Agreement, Employee does not waive any rights or Claims that may arise after the date that Employee executes and deliver this Separation Agreement to Employer;

(B) This Separation Agreement shall not affect the rights and responsibilities of the Equal Employment Opportunity Commission (the "EEOC") or similar federal or state agency to enforce ADEA or other laws, and further acknowledge and agree that this Separation Agreement shall not be used to justify interfering with Employee's protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC or similar federal or state agency. Accordingly, nothing in this Separation Agreement shall preclude Employee from filing a charge with, or participating in any manner in an investigation, hearing or proceeding conducted by, the EEOC or similar federal or state agency, but Employee hereby waives any and all rights to recover under, or by virtue of, any such investigation, hearing or proceeding;

(C) Notwithstanding anything set forth in this Separation Agreement to the contrary, nothing in this Separation Agreement shall affect or be used to interfere with Employee's protected right to test in any court, under the Older Workers' Benefit Protection Act, or like statute or regulation, the validity of the waiver of rights under ADEA set forth in this Separation Agreement; and

(D) Nothing in this Separation Agreement shall preclude Employee from exercising Employee's rights, if any (i) under Section 601-608 of the Employee Retirement Income Security Act of 1974, as amended, popularly known as COBRA, or (ii) Employer's 401(k) plan.

13 Opportunity For Review.

(A) **Employee is hereby advised and encouraged by Employer to consult with his own independent counsel before signing this Separation Agreement.** Employee represents and warrants that Employee (i) has had sufficient opportunity to consider this Separation Agreement, (ii) has read this Separation Agreement, (iii) understands all the terms and conditions hereof, (iv) is not incompetent or had a guardian, conservator or trustee appointed for Employee, (v) has entered into this Separation Agreement of Employee's own free will and volition, (vi) has duly executed and delivered this Separation Agreement, (vii) understands that Employee is responsible for Employee's own attorneys' fees and costs, (viii) has had the opportunity to review this Separation Agreement with counsel of his choice or has chosen voluntarily not to do so, (ix) understands that Employee has been given twenty-one days to review this Separation Agreement before signing this Separation Agreement and understands that he is free to use as much or as little of the 21-day period as he wishes or considers necessary before deciding to sign this Separation Agreement, (x) understands that if Employee does not sign and return this Separation Agreement to Employer (Attn: Alan J. Rice, Senior Vice President, Corporate Counsel) on or before August 12, 2011, Employer shall have no obligation to enter into this Separation Agreement, Employee shall not be entitled to receive the Separation Payments and other benefits provided for under Section 4 of this Separation Agreement nor shall the Consulting Letter be effective, and the Separation Date shall be unaltered; and (xi) understands that this Separation Agreement is valid, binding, and enforceable against the parties hereto in accordance with its terms.

(B) This Separation Agreement shall be effective and enforceable on the eighth (8^{th}) day after execution and delivery to Employer (Attn: Alan J. Rice, Senior Vice President, Corporate Counsel) by Employee. The parties hereto understand and agree that Employee may revoke this Separation Agreement after having executed and delivered it to Employer (Attn: Alan J. Rice, Senior Vice President, Corporate Counsel), in writing, provided such writing is received by Employer at the address listed in this Separation Agreement above no later than 11:59 p.m. on the seventh (7^{th}) day after Employee's execution and delivery of this Separation Agreement to Employer. If Employee revokes this Separation Agreement, it shall not be effective or enforceable, Employer shall not be obligated to engage Employee as an independent contractor pursuant to the Consulting Letter and Employee shall not be entitled to receive the Separation Payments and other benefits provided for under Section 4 of this Separation Agreement, and the Separation Date shall be unaltered.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

Agreed to and accepted on this 5th day of August, 2011.

WITNESS:	EMPLOYEE:
/s/ Anne Phelan	/s/ Christopher G. Kennedy Christopher G. Kennedy

Agreed to and accepted on this 5th day of August, 2011.

EMPLOYER:

VORNADO REALTY TRUST

BY: /s/ Michael D. Fascitelli

EXHIBIT 15.1

November 3, 2011

Vornado Realty Trust
New York, New York

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Vornado Realty Trust for the periods ended September 30, 2011, and 2010, as indicated in our report dated November 3, 2011; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, is incorporated by reference in the following registration statements of Vornado Realty Trust:

Registration Statement No. 333-68462 on Form S-8
Amendment No.1 to Registration Statement No. 333-36080 on Form S-3
Registration Statement No. 333-64015 on Form S-3
Amendment No.1 to Registration Statement No. 333-50095 on Form S-3
Registration Statement No. 333-52573 on Form S-8
Registration Statement No. 333-29011 on Form S-8
Registration Statement No. 333-09159 on Form S-8
Registration Statement No. 333-76327 on Form S-3
Amendment No.1 to Registration Statement No. 333-89667 on Form S-3
Registration Statement No. 333-81497 on Form S-8
Registration Statement No. 333-102216 on Form S-8
Amendment No.1 to Registration Statement No. 333-102215 on Form S-3
Amendment No.1 to Registration Statement No. 333-102217 on Form S-3
Registration Statement No. 333-105838 on Form S-3
Registration Statement No. 333-107024 on Form S-3
Registration Statement No. 333-109661 on Form S-3
Registration Statement No. 333-114146 on Form S-3
Registration Statement No. 333-114807 on Form S-3
Registration Statement No. 333-121929 on Form S-3
Amendment No.1 to Registration Statement No. 333-120384 on Form S-3
Registration Statement No. 333-126963 on Form S-3
Registration Statement No. 333-139646 on Form S-3
Registration Statement No. 333-141162 on Form S-3
Registration Statement No. 333-150592 on Form S-3
Registration Statement No. 333-150593 on Form S-8
Registration Statement No. 333-166856 on Form S-3
Registration Statement No. 333-172880 on Form S-8

and in the following joint registration statements of Vornado Realty Trust and Vornado Realty L.P.:

Amendment No. 4 to Registration Statement No. 333-40787 on Form S-3
Amendment No. 4 to Registration Statement No. 333-29013 on Form S-3
Registration Statement No. 333-108138 on Form S-3
Registration Statement No. 333-122306 on Form S-3
Registration Statement No. 333-138367 on Form S-3
Registration Statement No. 333-162775 on Form S-3

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey

EXHIBIT 31.1

CERTIFICATION

I, Michael D. Fascitelli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vornado Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2011

/s/ Michael D. Fascitelli
Michael D. Fascitelli
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Joseph Macnow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vornado Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2011

/s/ Joseph Macnow
Joseph Macnow
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Vornado Realty Trust (the "Company"), hereby certifies, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for quarter ended September 30, 2011(the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2011		/s/ Michael D. Fascitelli
	Name:	Michael D. Fascitelli
	Title:	President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsection (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Vornado Realty Trust (the "Company"), hereby certifies, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for quarter ended September 30, 2011(the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2011		/s/ Joseph Macnow
	Name:	Joseph Macnow
	Title:	Executive Vice President and Chief Financial Officer