

## Vornado Announces Fourth Quarter 2008 Financial Results

Company Release - 2/24/2009

PARAMUS, N.J.--(BUSINESS WIRE)--

VORNADO REALTY TRUST (NYSE: VNO) today reported:

### Fourth Quarter 2008 Financial Results

NET LOSS applicable to common shares for the quarter ended December 31, 2008 was \$216.8 million, or \$1.40 per diluted share, versus net income of \$90.9 million, or \$0.57 per diluted share, for the quarter ended December 31, 2007. Net loss for the quarter ended December 31, 2008 and net income for the quarter ended December 31, 2007 include \$1.1 million and \$43.9 million, respectively, of net gains on sale of real estate and certain other items that affect comparability, which are listed in the table below. The aggregate of these items, net of minority interest, increased net loss applicable to common shares for the quarter ended December 31, 2008 by \$251.8 million, or \$1.63 per diluted share and increased net income applicable to common shares for the quarter ended December 31, 2007 by \$20.4 million, or \$0.13 per diluted share,.

FUNDS FROM OPERATIONS for the quarter ended December 31, 2008 was a negative \$78.0 million, or \$0.50 per diluted share, compared to a positive \$193.4 million, or \$1.18 per diluted share, for the prior year's quarter. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the quarters ended December 31, 2008 and 2007 was \$175.5 million and \$204.6 million, or \$1.14 and \$1.25 per share, respectively.

(Amounts in thousands)	Quarter Ended December 31,	
	2008	2007
FFO applicable to common shares plus assumed	\$ (77,989 )	\$ 193,412

conversions (1)

Per Share \$ (0.50 ) \$ 1.18

Items that affect comparability (income) expense:

Non-cash asset write-downs:

Investment in Lexington Realty Trust \$ 100,707 \$ --

Marketable equity securities 55,471 --

Real estate development costs:

Partially owned entities 61,837 --

Wholly owned entities 73,438 1,568

MPH mezzanine loan loss accrual -- 57,000

Alexander's - reversal of stock appreciation  
rights compensation expense (14,188 ) (5,289 )

Net gain on extinguishment of debt (9,820 ) --

Derivative positions in marketable equity  
securities 7,928 (36,533 )

Other, net 8,426 3,418

283,799 20,164

47.6% share of Americold's FFO (Net loss of \$1,494  
in the three months ended December 31, 2007) -  
sold in March 2008 -- (6,869 )

13.8% share of GMH's FFO (Equity in net income of  
\$1,036 in the three months ended  
December 31, 2007) - sold in June 2008 -- (1,036 )

283,799 12,259

Minority limited partners' share of above  
adjustments (30,293 ) (1,113 )

Total items that affect comparability \$ 253,506 \$ 11,146

Per share \$ 1.64 \$ 0.07

FFO as adjusted for comparability	\$ 175,517	\$ 204,558
Per Share	\$ 1.14	\$ 1.25

(1) See page 4 for a reconciliation of net income to FFO for the quarters ended December 31, 2008 and 2007.

#### Year Ended December 31, 2008 Financial Results

Net income applicable to common shares for the year ended December 31, 2008 was \$338.0 million, or \$2.14 per diluted share, versus \$511.7 million, or \$3.23 per diluted share, for the year ended December 31, 2007. Net income for the years ended December 31, 2008 and 2007 include \$67.0 million and \$76.3 million, respectively, for our share of net gains on sale of real estate and certain other items that affect comparability, which are listed in the table below. The aggregate of these items and net gains on sale of real estate, net of minority interest, increased net income applicable to common shares for the years ended December 31, 2008 and 2007 by \$17.6 million and \$131.0 million, or \$0.11 and \$0.83 per diluted share, respectively.

FFO for the year ended December 31, 2008 was \$844.6 million, or \$5.16 per diluted share, compared to \$966.6 million, or \$5.89 per diluted share, for the prior year. Adjusting FFO for certain items that affect comparability which are listed in the table below, FFO for the year ended December 31, 2008 and 2007 was \$880.8 million and \$874.7 million, or \$5.38 and \$5.33 per share, respectively.

	Year Ended December 31,	
(Amounts in thousands)	2008	2007
FFO applicable to common shares plus assumed conversions	\$ 844,568	\$ 966,638
Per Share	\$ 5.16	\$ 5.89
Items that affect comparability (income) expense:		
Reversal of deferred income taxes initially recorded	\$ (222,174 )	\$ --

in connection with the H Street acquisition

Net gain on sale of our 47.6% interest in Americold (112,690 ) --

Non-cash asset write-downs:

Investment in Lexington Realty Trust 107,882 --

Marketable equity securities 76,352 --

Real estate development costs:

Partially owned entities 96,037 --

Wholly owned entities 81,447 10,375

MPH mezzanine loan loss (reversal) accrual (10,300 ) 57,000

Derivative positions in marketable equity securities 33,740 (136,593 )

Purchase price accounting adjustments:

Toys 14,900 --

Beverly Connection (4,100 ) --

Net gain on extinguishment of debt and write-off of unamortized financing costs (9,820 ) 7,562

Alexander's - reversal of stock appreciation rights compensation expense (6,583 ) (14,280 )

After-tax net gain on sale of residential condominiums (5,361 ) --

Net gain on disposition of our 13.8% interest in GMH (2,038 ) --

Other, net 8,575 5,387

45,867 (70,549 )

47.6% share of Americold's FFO (Net losses of \$1,076 and \$4,342, respectively) - sold in March 2008 (6,098 ) (24,693 )

13.8% share of GMH's FFO (Equity in net income of \$6,463 in 2007) - sold in June 2008 -- (5,754 )

39,769 (100,996 )

Minority limited partners' share of above adjustments	(3,553 )	9,021
Total items that affect comparability	\$ 36,216	\$ (91,975 )
Per Share	\$ 0.22	\$ (0.56 )
FFO as adjusted for comparability	\$ 880,784	\$ 874,663
Per Share	\$ 5.38	\$ 5.33

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(1) See page 4 for a reconciliation of net income to FFO for the year ended December 31, 2008 and 2007.

Further details regarding the Company's results of operations, properties and tenants can be accessed at the Company's website [www.vno.com](http://www.vno.com). Vornado Realty Trust is a fully - integrated equity real estate investment trust.

Certain statements contained herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.

(tables to follow)

VORNADO REALTY TRUST

OPERATING RESULTS FOR THE QUARTER AND YEAR ENDED

DECEMBER 31, 2008 AND 2007

	FOR THE QUARTER ENDED DECEMBER 31		FOR THE YEAR ENDED DECEMBER 31	
(Amounts in thousands, except per share amounts)	2008	2007	2008	2007
Revenues	\$ 696,259	\$ 657,166	\$ 2,697,051	\$ 2,410,516
(Loss) income from continuing operations	\$ (215,895 )	\$ 80,044	\$ 283,722	\$ 577,299
Income from discontinued operations	--	33,227	154,442	58,389
(Loss) income before allocation to limited partners	(215,895 )	113,271	438,164	635,688
Minority limited partners' interest in the Operating Partnership	21,009	(3,238 )	(21,037 )	(47,508 )
Perpetual preferred unit distributions of the Operating Partnership	(7,629 )	(4,819 )	(22,084 )	(19,274 )
Net (loss) income	(202,515 )	105,214	395,043	568,906
Preferred share dividends	(14,271 )	(14,291 )	(57,091 )	(57,177 )
Net (loss) income applicable to common shares	\$ (216,786 )	\$ 90,923	\$ 337,952	\$ 511,729
Net (loss) income per common share:				
Basic	\$ (1.40 )	\$ 0.60	\$ 2.20	\$ 3.37
Diluted	\$ (1.40 )	\$ 0.57	\$ 2.14	\$ 3.23
Average number of common shares and				

share equivalents  
outstanding:

Basic	154,590	152,573	153,900	151,949
Diluted	154,590	158,302	158,119	158,558

(Negative FFO) FFO  
applicable to common  
shares plus  
assumed conversions

(Negative FFO) FFO per  
diluted share

Average number of  
common shares and share  
equivalents  
outstanding used for  
determining FFO per  
diluted share

	154,590	163,974	163,759	164,117
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The following table reconciles net (loss) income to (Negative FFO) FFO:

(Amounts in thousands)	For The Quarter		For The Year	
	Ended December 31,		Ended December 31,	
	2008	2007	2008	2007
Net (loss) income	\$ (202,515 )	\$ 105,214	\$ 395,043	\$ 568,906
Depreciation and amortization of real property	129,305	125,989	509,367	451,313
Net gains on sale of real estate	--	(37,869 )	(57,523 )	(60,811 )
Proportionate share of adjustments to equity in net				

income of Toys:

Depreciation and  
amortization of real 15,533 16,260 66,435 85,244  
property

Net gains on sale of real (555 ) (2,519 ) (719 ) (3,012 )  
estate

Income tax effect of (5,242 ) (4,809 ) (23,223 ) (28,781 )  
above adjustments

Proportionate share of  
adjustments to equity in  
net  
income of partially-owned  
entities, excluding  
Toys:

Depreciation and  
amortization of real 13,735 12,679 49,513 48,770  
property

Net gains on sale of real (528 ) (3,471 ) (8,759 ) (12,451 )  
estate

Minority limited  
partners' share of above (13,451 ) (9,094 ) (49,683 ) (46,664 )  
adjustments

FFO (63,718 ) 202,380 880,451 1,002,514

Preferred share dividends (14,271 ) (14,291 ) (57,091 ) (57,177 )

FFO applicable to common (77,989 ) 188,089 823,360 945,337  
shares

Interest on 3.875%  
exchangeable senior -- 5,256 21,019 21,024  
debentures

Convertible preferred -- 67 189 277  
share dividends

FFO applicable to common  
shares plus assumed \$ (77,989 ) \$ 193,412 \$ 844,568 \$ 966,638  
conversions



FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as net income or loss determined in accordance with Generally Accepted Accounting Principles ("GAAP"), excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated operating real estate assets, plus specified non-cash items, such as real estate asset depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO and FFO per diluted share are used by management, investors and industry analysts as supplemental measures of operating performance of equity REITs. FFO and FFO per diluted share should be evaluated along with GAAP net income and income per diluted share (the most directly comparable GAAP measures), as well as cash flow from operating activities, investing activities and financing activities, in evaluating the operating performance of equity REITs. Management believes that FFO and FFO per diluted share are helpful to investors as supplemental performance measures because these measures exclude the effect of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs which implicitly assumes that the value of real estate diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, these non-GAAP measures can facilitate comparisons of operating performance between periods and among other equity REITs. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs as disclosed in the Company's Consolidated Statements of Cash Flows. FFO should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. In addition to FFO, the Company also discloses FFO before certain items that affect comparability. Although this non-GAAP measure clearly differs from NAREIT's definition of FFO, the Company believes it provides a meaningful presentation of operating performance. A reconciliation of net income to FFO is provided above. In addition, a reconciliation of FFO to FFO before certain items that affect comparability is provided on page 1 and 2 of this press release.

Source: Vornado Realty Trust

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