

Vornado Announces First Quarter 2010 FFO of \$1.87 per share

Company Release - 5/4/2010

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

First Quarter 2010 Financial Results

NET INCOME attributable to common shareholders for the quarter ended March 31, 2010 was \$200.3 million, or \$1.09 per diluted share, compared to \$125.8 million, or \$0.80 per diluted share, for the quarter ended March 31, 2009. Net income for the quarters ended March 31, 2010 and 2009 include certain items that affect comparability which are listed in the table below. The aggregate of the items in the table below, net of amounts attributable to noncontrolling interests, increased net income attributable to common shareholders for the quarter ended March 31, 2010 by \$2.0 million, or \$0.01 per diluted share and decreased net income attributable to common shareholders for the quarter ended March 31, 2009 by \$15.7 million, or \$0.10 per diluted share.

FUNDS FROM OPERATIONS attributable to common shareholders plus assumed conversions ("FFO") for the quarter ended March 31, 2010 was \$353.8 million, or \$1.87 per diluted share, compared to \$268.6 million, or \$1.65 per diluted share, for the quarter ended March 31, 2009. Adjusting FFO for certain items that affect comparability, which are listed in the table below, FFO for the quarters ended March 31, 2010 and 2009 was \$352.1 million and \$284.5 million, or \$1.86 and \$1.75 per diluted share, respectively.

(Amounts in thousands)

	For the Quarters Ended March 31,	
	2010	2009
FFO (1)	\$ 353,826	\$ 268,582
Per Share	\$ 1.87	\$ 1.65
Items that affect comparability (income) expense:		
Litigation loss accrual	\$ 10,056	\$ —
Net gain resulting from Lexington Realty Trust's March 2010 stock issuance	(5,998)	—
Net gain on sale of condominiums	(2,427)	—
Net gain on redemption of perpetual preferred units	(2,154)	—
Write-off of unamortized costs from the voluntary surrender of equity awards	—	32,588

Our share of Alexander's reversal of stock appreciation rights compensation expense	—	(11,105)
Net gain on early extinguishment of debt	—	(5,905)
Other, net	(1,373)	1,874
	(1,896)	17,452
Noncontrolling interests' share of above adjustments	134	(1,557)
Items that affect comparability, net	<u>\$ (1,762)</u>	<u>\$ 15,895</u>
Per Share	<u>\$ (0.01)</u>	<u>\$ 0.10</u>
FFO as adjusted for comparability	<u>\$ 352,064</u>	<u>\$ 284,477</u>
Per Share	<u>\$ 1.86</u>	<u>\$ 1.75</u>

(1) See page 3 for a reconciliation of net income to FFO for the quarters ended March 31, 2010 and 2009.

Supplemental Financial Information

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

Certain statements contained herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For a discussion of factors that could materially affect the outcome of our forward-looking statements and our future results and financial condition, see "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2009. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.

VORNADO REALTY TRUST OPERATING RESULTS FOR THE QUARTERS ENDED MARCH 31, 2010 AND 2009

(Amounts in thousands, except per share amounts)	For the Quarters Ended March 31,	
	2010	2009
Revenues	<u>\$ 696,331</u>	<u>\$ 678,566</u>
Income from continuing operations	\$ 232,544	\$ 153,839
Income from discontinued operations, net	—	2,592
Net income	<u>232,544</u>	<u>156,431</u>
Net income attributable to noncontrolling interests, including unit distributions	<u>(17,992)</u>	<u>(16,321)</u>
Net income attributable to Vornado	214,552	140,110
Preferred share dividends	<u>(14,267)</u>	<u>(14,269)</u>
Net income attributable to common shareholders	<u>\$ 200,285</u>	<u>\$ 125,841</u>
Net income per common share:		

Basic	\$ 1.10	\$ 0.81
Diluted	\$ 1.09	\$ 0.80
Average number of common shares and share equivalents outstanding:		
Basic	181,542	155,991
Diluted	183,445	157,103
FFO attributable to common shareholders plus assumed conversions	\$ 353,826	\$ 268,582
FFO per diluted share	\$ 1.87	\$ 1.65
Weighted average number of common shares and share equivalents outstanding used in determining FFO per diluted share	189,181	162,772

The following table reconciles our net income to FFO:

(Amounts in thousands)	For The Quarters Ended March 31,	
	2010	2009
Net income attributable to Vornado	\$ 214,552	\$ 140,110
Depreciation and amortization of real property	127,614	124,127
Proportionate share of adjustments to equity in net income of Toys "R" Us ("Toys") to arrive at FFO:		
Depreciation and amortization of real property	17,501	16,580
Income tax effect of Toys adjustments included above	(6,125)	(5,803)
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	19,541	14,608
Net gain on sale of real estate	(307)	(173)
Noncontrolling interests' share of above adjustments	(11,171)	(13,003)
FFO	361,605	276,446
Preferred share dividends	(14,267)	(14,269)
FFO attributable to common shareholders	347,338	262,177
Interest on 3.875% exchangeable senior debentures	6,447	6,362
Convertible preferred dividends	41	43
FFO attributable to common shareholders plus assumed conversions	\$ 353,826	\$ 268,582

FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gains from sales of depreciated real estate assets, 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 flow as a liquidity measure. FFO may not be comparable to similarly titled measures employed by other companies. A reconciliation of our net income to FFO is provided above. In addition to FFO, we also disclose FFO before certain items that affect comparability. Although this non-GAAP measure clearly differs from NAREIT's definition of FFO, we believe it provides a meaningful presentation of operating performance. A reconciliation of FFO to FFO as adjusted for comparability is provided on page 1 of this press release.

Source: Vornado Realty Trust

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