

**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: June 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

(State or other jurisdiction of incorporation or organization)

22-1657560

(I.R.S. Employer Identification Number)

888 Seventh Avenue, New York, New York

(Address of principal executive offices)

10019

(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 June 30, 2011, 184,427,825 of the registrant's common shares of beneficial interest are outstanding.

PART I.	Financial Information:	Page Number
Item 1.	Financial Statements:	
	Consolidated Balance Sheets (Unaudited) as of June 30, 2011 and December 31, 2010	3
	Consolidated Statements of Income (Unaudited) for the Three and Six Months Ended June 30, 2011 and 2010	4
	Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Six Months Ended June 30, 2011 and 2010	5
	Consolidated Statements of Changes in Equity (Unaudited) for the Six Months Ended June 30, 2011 and 2010	6
	Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2011 and 2010	7
	Notes to the Consolidated Financial Statements (Unaudited)	9
	Report of Independent Registered Public Accounting Firm	35
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	72
Item 4.	Controls and Procedures	73
PART II.	Other Information:	
Item 1.	Legal Proceedings	74
Item 1A.	Risk Factors	75
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	75
Item 3.	Defaults Upon Senior Securities	75
Item 5.	Other Information	75
Item 6.	Exhibits	75
Signatures		76
Exhibit Index		77

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	June 30, 2011	December 31, 2010
Real estate, at cost:		
Land	\$ 4,592,075	\$ 4,598,303
Buildings and improvements	12,753,909	12,733,487
Development costs and construction in progress	236,393	218,156
Leasehold improvements and equipment	126,784	124,976
Total	17,709,161	17,674,922
Less accumulated depreciation and amortization	(2,941,929)	(2,763,997)
Real estate, net	14,767,232	14,910,925
Cash and cash equivalents	591,515	690,789
Restricted cash	155,320	200,822
Marketable securities	791,676	766,116
Accounts receivable, net of allowance for doubtful accounts of \$71,939 and \$62,979	168,624	157,146
Investments in partially owned entities	1,160,292	927,672
Investment in Toys "R" Us	558,755	447,334
Real Estate Fund investments	255,795	144,423
Mezzanine loans receivable, net	155,613	202,412
Receivable arising from the straight-lining of rents, net of allowance of \$8,148 and \$7,323	739,784	720,806
Deferred leasing and financing costs, net of accumulated amortization of \$236,577 and \$223,131	366,421	368,314
Identified intangible assets, net of accumulated amortization of \$363,341 and \$338,508	317,257	348,745
Assets related to discontinued operations	-	234,464
Due from officers	13,183	13,187
Other assets	497,397	384,316
	<u>\$ 20,538,864</u>	<u>\$ 20,517,471</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Notes and mortgages payable	\$ 8,575,022	\$ 8,259,298
Senior unsecured notes	982,629	1,082,928
Exchangeable senior debentures	494,403	491,000
Convertible senior debentures	187,994	186,413
Revolving credit facility debt	300,000	874,000
Accounts payable and accrued expenses	436,229	438,479
Deferred credit	555,709	583,369
Deferred compensation plan	100,374	91,549
Deferred tax liabilities	13,256	13,278
Liabilities related to discontinued operations	-	255,922
Other liabilities	104,257	82,856
Total liabilities	11,749,873	12,359,092
Commitments and contingencies		
Redeemable noncontrolling interests:		
Class A units - 12,561,359 and 12,804,202 units outstanding	1,170,467	1,066,974
Series D cumulative redeemable preferred units - 10,000,001 and 10,400,001 units outstanding	251,000	261,000
Total redeemable noncontrolling interests	1,421,467	1,327,974
Vornado shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 110,000,000 shares; issued and outstanding 41,188,509 and 32,340,009 shares	997,446	783,088
Common shares of beneficial interest: \$.04 par value per share; authorized 250,000,000 shares; issued and outstanding 184,427,825 and 183,661,875 shares	7,347	7,317
Additional capital	6,885,223	6,932,728
Earnings less than distributions	(1,244,254)	(1,480,876)
Accumulated other comprehensive income	114,479	73,453
Total Vornado shareholders' equity	6,760,241	6,315,710
Noncontrolling interests in consolidated subsidiaries	607,283	514,695
Total equity	<u>7,367,524</u>	<u>6,830,405</u>
	<u>\$ 20,538,864</u>	<u>\$ 20,517,471</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
(Amounts in thousands, except per share amounts)				
REVENUES:				
Property rentals	\$ 573,646	\$ 565,412	\$ 1,144,806	\$ 1,117,869
Tenant expense reimbursements	82,325	86,420	173,284	178,350
Cleveland Medical Mart development project	32,369	-	73,068	-
Fee and other income	41,811	32,157	76,104	73,084
Total revenues	730,151	683,989	1,467,262	1,369,303
EXPENSES:				
Operating	273,152	261,845	563,925	536,538
Depreciation and amortization	131,898	133,277	264,125	267,070
General and administrative	50,251	49,540	109,254	98,170
Cleveland Medical Mart development project	29,940	-	68,218	-
Acquisition and other costs	1,897	1,930	20,167	1,930
Total expenses	487,138	446,592	1,025,689	903,708
Operating income	243,013	237,397	441,573	465,595
(Loss) income applicable to Toys "R" Us	(22,846)	(21,004)	90,098	104,866
Income from partially owned entities	26,403	4,452	42,687	15,796
Income from Real Estate Fund (of which \$12,102 and \$12,028 is allocated to noncontrolling interests, in the three and six months ended June 30, 2011, respectively)	19,058	-	20,138	-
Interest and other investment income, net	8,007	3,876	125,115	18,580
Interest and debt expense (including amortization of deferred financing costs of \$5,235 and \$4,514 in each three-month period, respectively, and \$9,868 and \$8,915 in each six-month period, respectively)	(137,202)	(142,175)	(271,967)	(277,902)
Net (loss) on extinguishment of debt	-	(1,072)	-	(1,072)
Net gain on disposition of wholly owned and partially owned assets	-	4,382	6,677	7,687
Income before income taxes	136,433	85,856	454,321	333,550
Income tax expense	(5,922)	(4,964)	(12,304)	(10,544)
Income from continuing operations	130,511	80,892	442,017	323,006
Income (loss) from discontinued operations	458	(3,681)	134,773	(13,251)
Net income	130,969	77,211	576,790	309,755
Less:				
Net income attributable to noncontrolling interests in consolidated subsidiaries	(13,657)	(981)	(15,007)	(1,194)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(8,731)	(4,124)	(40,539)	(21,903)
Net income attributable to Vornado	108,581	72,106	521,244	286,658
Preferred share dividends	(16,668)	(14,266)	(30,116)	(28,533)
NET INCOME attributable to common shareholders	\$ 91,913	\$ 57,840	\$ 491,128	\$ 258,125
INCOME PER COMMON SHARE - BASIC:				
Income from continuing operations, net	\$ 0.50	\$ 0.34	\$ 1.98	\$ 1.49
(Loss) income from discontinued operations, net	-	(0.02)	0.69	(0.07)
Net income per common share	\$ 0.50	\$ 0.32	\$ 2.67	\$ 1.42
Weighted average shares	184,268	182,027	184,129	181,786
INCOME PER COMMON SHARE - DILUTED:				
Income from continuing operations, net	\$ 0.49	\$ 0.33	\$ 1.97	\$ 1.48
(Loss) income from discontinued operations, net	-	(0.02)	0.66	(0.07)
Net income per common share	\$ 0.49	\$ 0.31	\$ 2.63	\$ 1.41
Weighted average shares	186,144	183,644	191,736	183,598
DIVIDENDS PER COMMON SHARE	\$ 0.69	\$ 0.65	\$ 1.38	\$ 1.30

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
	Net income	\$ 130,969	\$ 77,211	\$ 576,790
Other comprehensive income:				
Change in unrealized net gain on securities available-for-sale	(27,195)	7,943	40,844	25,531
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	30,156	(277)	26,365	(15,965)
Change in value of interest rate swap and caps	(10,887)	-	(18,034)	-
Other	(5,105)	(22)	(5,045)	(418)
Comprehensive income	117,938	84,855	620,920	318,903
Less:				
Comprehensive income attributable to noncontrolling interests	(21,875)	(5,640)	(58,650)	(23,737)
Comprehensive income attributable to Vornado	\$ 96,063	\$ 79,215	\$ 562,270	\$ 295,166

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 Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount					
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	-	-	-	-	-	286,658	-	1,194	287,852
Dividends on common shares	-	-	-	-	-	(236,279)	-	-	(236,279)
Dividends on preferred shares	-	-	-	-	-	(28,533)	-	-	(28,533)
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	495	20	35,691	-	-	-	35,711
Under employees' share option plan	-	-	548	22	8,989	(25,433)	-	-	(16,422)
Under dividend reinvestment plan	-	-	12	1	801	-	-	-	802
Conversion of Series A preferred shares to common shares	(3)	(152)	4	-	152	-	-	-	-
Deferred compensation shares and options	-	-	17	1	3,905	-	-	-	3,906
Change in unrealized net gain on securities available-for-sale	-	-	-	-	-	-	25,531	-	25,531
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	-	-	-	-	-	-	(15,965)	-	(15,965)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	(66,075)	-	-	-	(66,075)
Other	-	-	-	-	(60)	2	(418)	(545)	(1,021)
Balance, June 30, 2010	<u>33,949</u>	<u>\$ 823,534</u>	<u>182,290</u>	<u>\$ 7,262</u>	<u>\$ 6,944,410</u>	<u>\$ (1,581,176)</u>	<u>\$ 37,597</u>	<u>\$ 407,286</u>	<u>\$ 6,638,913</u>

(Amounts in thousands)

	Preferred Shares		Common Shares		Additional Capital	Earnings Less Than Distributions	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount					
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	-	-	-	-	-	521,244	-	15,007	536,251
Dividends on common shares	-	-	-	-	-	(254,099)	-	-	(254,099)
Dividends on preferred shares	-	-	-	-	-	(30,116)	-	-	(30,116)
Issuance of Series J preferred shares	8,850	214,538	-	-	-	-	-	-	214,538
Common shares issued:									
Upon redemption of Class A units, at redemption value	-	-	401	16	35,192	-	-	-	35,208
Under employees' share option plan	-	-	343	14	20,434	(397)	-	-	20,051
Under dividend reinvestment plan	-	-	10	-	883	-	-	-	883
Contributions:									
Real Estate Fund	-	-	-	-	-	-	-	109,241	109,241
Other	-	-	-	-	-	-	-	364	364
Distributions:									
Real Estate Fund	-	-	-	-	-	-	-	(20,796)	(20,796)
Other	-	-	-	-	-	-	-	(15,604)	(15,604)
Conversion of Series A preferred shares to common shares	(1)	(75)	2	-	75	-	-	-	-
Deferred compensation shares and options	-	-	10	-	5,122	-	-	-	5,122
Change in unrealized net gain on securities available-for-sale	-	-	-	-	-	-	40,844	-	40,844
Pro rata share of other comprehensive income of nonconsolidated subsidiaries	-	-	-	-	-	-	26,365	-	26,365
Change in value of interest rate caps	-	-	-	-	-	-	(18,034)	-	(18,034)
Adjustments to carry redeemable Class A units at redemption value	-	-	-	-	(104,693)	-	-	-	(104,693)
Redeemable noncontrolling interests' share of above adjustments	-	-	-	-	-	-	(3,104)	-	(3,104)
Other	-	(105)	-	-	(4,518)	(10)	(5,045)	4,376	(5,302)
Balance, June 30, 2011	<u>41,189</u>	<u>\$ 997,446</u>	<u>184,428</u>	<u>\$ 7,347</u>	<u>\$ 6,885,223</u>	<u>\$ (1,244,254)</u>	<u>\$ 114,479</u>	<u>\$ 607,283</u>	<u>\$ 7,367,524</u>

See notes to consolidated financial statements (unaudited).

VORNADO REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended June 30,	
	2011	2010
(Amounts in thousands)		
Cash Flows from Operating Activities:		
Net income	\$ 576,790	\$ 309,755
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of deferred financing costs)	273,980	280,058
Equity in net income of partially owned entities, including Toys "R" Us	(132,785)	(120,662)
Net (gain) loss on extinguishment of debt	(83,907)	1,072
Mezzanine loans loss (reversal) accrual and net gain on disposition	(82,744)	6,900
Net gain on sales of real estate	(51,623)	-
Distributions of income from partially owned entities	43,741	18,517
Amortization of below-market leases, net	(33,704)	(32,209)
Straight-lining of rental income	(22,291)	(38,557)
Other non-cash adjustments	15,173	17,007
Unrealized gain on Real Estate Fund assets	(13,570)	-
Income from the mark-to-market of J.C. Penney derivative position	(10,401)	-
Net gain on disposition of wholly owned and partially owned assets	(6,677)	(7,687)
Litigation loss accrual	-	10,056
Changes in operating assets and liabilities:		
Real Estate Fund investments	(97,802)	-
Accounts receivable, net	(11,478)	(400)
Prepaid assets	(117,503)	79,289
Other assets	(10,424)	(25,691)
Accounts payable and accrued expenses	13,250	23,576
Other liabilities	12,015	11,341
Net cash provided by operating activities	260,040	532,365
Cash Flows from Investing Activities:		
Investments in partially owned entities	(426,376)	(41,920)
Distributions of capital from partially owned entities	271,375	12,638
Proceeds from sales of real estate and related investments	130,789	49,544
Proceeds from sales and repayments of mezzanine loans	99,990	105,061
Restricted cash	91,127	133,888
Additions to real estate	(86,944)	(68,925)
Investments in mezzanine loans receivable and other	(43,516)	(48,339)
Development costs and construction in progress	(32,489)	(68,499)
Proceeds from sales of marketable securities	19,301	122,956
Proceeds from maturing short-term investments	-	40,000
Purchases of marketable securities	-	(13,917)
Acquisitions of real estate and other	-	(15,128)
Net cash provided by investing activities	23,257	207,359

See notes to consolidated financial statements (unaudited).

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

	For the Six Months Ended	
	June 30,	
	2011	2010
(Amounts in thousands)		
Cash Flows from Financing Activities:		
Repayments of borrowings	\$ (1,636,817)	\$ (1,197,525)
Proceeds from borrowings	1,284,167	901,040
Dividends paid on common shares	(254,099)	(236,279)
Proceeds from the issuance of Series J preferred shares	214,538	-
Contributions from noncontrolling interests	109,605	-
Distributions to noncontrolling interests	(62,111)	(27,665)
Dividends paid on preferred shares	(27,117)	(28,533)
Debt issuance and other costs	(23,319)	(5,724)
Proceeds received from exercise of employee share options	21,330	9,827
Purchases of outstanding preferred units	(8,000)	(13,000)
Repurchase of shares related to stock compensation agreements and related tax withholdings	(748)	(25,223)
Net cash used in financing activities	(382,571)	(623,082)
Net (decrease) increase in cash and cash equivalents	(99,274)	116,642
Cash and cash equivalents at beginning of period	690,789	535,479
Cash and cash equivalents at end of period	\$ 591,515	\$ 652,121
 Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest (including capitalized interest of \$0 and \$875)	\$ 256,776	\$ 270,997
Cash payments for income taxes	\$ 5,416	\$ 3,861
 Non-Cash Investing and Financing Activities:		
Change in unrealized gain on securities available-for-sale	\$ 40,844	\$ 25,531
Contribution of mezzanine loan receivable to a joint venture	73,750	-
Exchange of real estate	(45,625)	-
Adjustments to carry redeemable Class A units at redemption value	(104,693)	(66,075)
Common shares issued upon redemption of Class A units, at redemption value	35,208	35,711
Extinguishment of a liability in connection with the acquisition of real estate	-	20,500
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	(32,794)	(31,079)

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 June 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 and 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 six months ended June 30, 2011 are not necessarily indicative of the operating results for the full year.

3. Acquisitions

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 June 30, 2011, the Fund received aggregate capital contributions from partners of \$256,100,000, including \$64,031,000 from us, and as of June 30, 2011, has five investments aggregating approximately \$243,836,000. In the three and six months ended June 30, 2011, the Fund recognized \$19,058,000 and \$20,138,000 of income, respectively, of which \$12,102,000 and \$12,028,000, respectively, is attributable to noncontrolling interests. Included in the Fund’s total income for the three and six months ended June 30, 2011 was \$12,872,000 and \$13,570,000, respectively, 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. Our share of income from the Fund in the three and six months ended June 30, 2011, net of amounts attributable to noncontrolling interests, was \$6,956,000 and \$8,110,000, respectively, and includes \$2,140,000 of accrued carried interest. In addition, in the three and six months ended June 30, 2011, we recognized \$865,000 and \$1,165,000, respectively, of management and leasing fees which are included as a component of “fee and other income,” and incurred \$403,000 and \$3,451,000, respectively, of placement fees in connection with the February 2011 closing of the Fund, which are included in “general and administrative” expenses.

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 5-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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

4. 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 recognized as an increase or decrease in “accumulated other comprehensive income” (a component of shareholders’ equity on our consolidated balance sheet) and not recognized in 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. Below is a summary of our marketable securities portfolio as of June 30, 2011 and December 31, 2010.

	As of June 30, 2011				As of December 31, 2010			
	Maturity	Fair Value	GAAP Cost	Unrealized Gain	Maturity	Fair Value	GAAP Cost	Unrealized Gain
Equity securities:								
J.C. Penney	n/a	\$ 641,892	\$ 590,366	\$ 51,526	n/a	\$ 600,449	\$ 590,215	\$ 10,234
Other	n/a	35,413	13,561	21,852	n/a	47,399	26,632	20,767
Debt securities	04/13 - 10/18	114,371	101,816	12,555	08/11 - 10/18	118,268	104,180	14,088
		<u>\$ 791,676</u>	<u>\$ 705,743</u>	<u>\$ 85,933</u>		<u>\$ 766,116</u>	<u>\$ 721,027</u>	<u>\$ 45,089</u>

In the six months ended June 30, 2011 and 2010, we sold certain marketable securities for aggregate proceeds of \$19,301,000 and \$122,956,000, resulting in net gains of \$2,139,000 and \$3,908,000, respectively, of which \$48,000 and \$3,797,000 were recognized in the three months ended June 30, 2011 and 2010.

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 a 9.9% voting interest in J.C. Penney’s outstanding common shares. Below are the details of our investment.

We own 18,584,010 common shares at an average cost of \$25.71 per share, or \$477,829,000 in the aggregate. These shares, which have an aggregate fair value of \$641,892,000 at June 30, 2011, are included in marketable equity securities on our consolidated balance sheet and are classified as “available for sale.” During the six months ended June 30, 2011, we recognized \$41,292,000 from the mark-to-market of these shares, which is included in “other comprehensive income.”

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 \$28.72 per share, or \$138,327,000 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 income, net” on our consolidated statements of income. During the three and six months ended June 30, 2011, we recognized a loss of \$6,762,000 and income of \$10,401,000, respectively, from the mark-to-market of the underlying common shares, based on J.C. Penney’s closing share price of \$34.54 per share at June 30, 2011.

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, without limitation, purchasing additional common stock, or other financial instruments related to J.C. Penney, or selling some or all of our beneficial or economic holdings, or engage in hedging or similar transactions.

As of June 30, 2011, the aggregate economic net gain on our investment in J.C. Penney was \$192,079,000, based on J.C. Penney’s closing share price of \$34.54 per share and our weighted average cost of \$26.33 per share.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

5. Investments in Partially Owned Entities

Toys "R" Us ("Toys")

As of June 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 June 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 Sheet:	Balance as of			
	April 30, 2011		October 30, 2010	
Assets	\$	11,951,000	\$	12,810,000
Liabilities		10,115,000		11,317,000
Toys "R" Us, Inc. equity		1,836,000		1,493,000

Income Statement:	For the Three Months Ended		For the Six Months Ended	
	April 30, 2011	May 1, 2010	April 30, 2011	May 1, 2010
Total revenues	\$	2,636,000	\$	2,608,000
Net (loss) income attributable to Toys		(77,000)		(71,000)

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

As of June 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 June 30, 2011, Alexander's owed us \$43,316,000 in fees under these agreements.

As of June 30, 2011, the fair value of our investment in Alexander's, based on Alexander's June 30, 2011 closing share price of \$397.00, was \$656,665,000, or \$467,479,000 in excess of the carrying amount on our consolidated balance sheet. As of June 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 \$59,367,000. 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 Sheet:	Balance as of			
	June 30, 2011		December 31, 2010	
Assets	\$	1,772,000	\$	1,679,000
Liabilities		1,421,000		1,335,000
Noncontrolling interests		2,000		3,000
Stockholders' equity		349,000		341,000

Income Statement:	For the Three Months Ended		For the Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Total revenues	\$	62,000	\$	59,000
Net income attributable to Alexander's		20,000		15,000

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

5. Investments in Partially Owned Entities – continued

Lexington Realty Trust (“Lexington”) (NYSE: LXP)

As of June 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 June 30, 2011 closing share price of \$9.13, the fair value of our investment in Lexington was \$168,622,000, or \$104,583,000 in excess of the June 30, 2011 carrying amount on our consolidated balance sheet. As of June 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 \$43,446,000. 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 Sheet:	Balance as of	
	March 31, 2011	September 30, 2010
Assets	\$ 3,223,000	\$ 3,385,000
Liabilities	1,904,000	2,115,000
Noncontrolling interests	76,000	71,000
Shareholders’ equity	1,243,000	1,199,000

Income Statement:	For the Three Months Ended		For the Six Months Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Total revenues	\$ 83,000	\$ 82,000	\$ 169,000	\$ 168,000
Net (loss) attributable to Lexington	(17,000)	(27,000)	(5,000)	(73,000)

LNR Property LLC (“LNR”)

As of June 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 \$141 billion as of March 31, 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 June 30, 2011, the carrying amount of our investment in LNR does not materially differ from our share of LNR’s equity.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

5. 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:	March 31, 2011	September 30, 2010
Assets	\$ 141,759,000	\$ 143,266,000
Liabilities	141,118,000	142,720,000
Noncontrolling interests	20,000	37,000
LNR equity	621,000	509,000
	For the Three Months Ended	For the Six Months Ended
	March 31, 2011	March 31, 2011
Income Statement:		
Total revenues	\$ 47,000	\$ 83,000
Net income attributable to LNR	42,000	100,000

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 in 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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

5. Investments in Partially Owned Entities - continued

Investments in partially owned entities as of June 30, 2011 and December 31, 2010 and income recognized from these investments for the three and six months ended June 30, 2011 and 2010 are as follows:

(Amounts in thousands)	Percentage Ownership as of June 30, 2011	Balance as of	
		June 30, 2011	December 31, 2010
Investments:			
Toys	32.7 %	\$ 558,755	\$ 447,334
Alexander's	32.4 %	\$ 189,186	\$ 186,811
Lexington	11.7 %	64,039	57,270
LNR	26.2 %	158,269	132,973
India real estate ventures	4%-36.5%	103,488	127,193
Partially owned office buildings ⁽¹⁾	Various	445,669	181,838
Other equity method investments ⁽²⁾	Various	199,641	241,587
		\$ 1,160,292	\$ 927,672

	For the Three Months Ended		For the Six Months Ended	
	Ended June 30,		Ended June 30,	
Our Share of Net Income (Loss):	2011	2010	2011	2010
Toys – 32.7% share of:				
Equity in net (loss) income before income taxes	\$ (49,017)	\$ (47,314)	\$ 130,822	\$ 126,236
Income tax benefit (expense)	23,969	24,123	(45,049)	(25,587)
Equity in net (loss) income	(25,048)	(23,191)	85,773	100,649
Interest and other income	2,202	2,187	4,325	4,217
	\$ (22,846)	\$ (21,004)	\$ 90,098	\$ 104,866
Alexander's – 32.4% share of:				
Equity in net income	\$ 6,351	\$ 4,920	\$ 12,070	\$ 8,697
Management, leasing and development fees	2,287	2,146	4,579	4,829
	8,638	7,066	16,649	13,526
Lexington – 11.7% share in 2011 and 13.8% share in 2010 of				
equity in net income (loss) ⁽³⁾	8,654	(428)	10,826	5,617
LNR – 26.2% share of equity in net income (acquired in				
July 2010) ⁽⁴⁾	11,003	-	26,257	-
India real estate ventures – 4% to 36.5% range in our				
share of equity in net income (loss)	205	606	(2)	2,257
Partially owned office buildings ⁽⁵⁾	(2,366)	1,023	(6,990)	1,778
Other equity method investments	269	(3,815)	(4,053)	(7,382)
	\$ 26,403	\$ 4,452	\$ 42,687	\$ 15,796

(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%), Kaempfer equity interests in three office buildings (2.5% to 5.0%), Rosslyn Plaza (46%) and West 57th Street properties (50%).

(2) Includes interests in Monmouth Mall, Verde Realty Operating Partnership, 85 10th Avenue Associates and redevelopment ventures, including Harlem Park and Farley.

(3) Includes net gains of \$8,308 in the three months ended June 30, 2011, and \$9,760 and \$5,998 in the six months ended June 30, 2011 and 2010, respectively, resulting from Lexington's stock issuances.

(4) The three and six months ended June 30, 2011 include \$6,020 for our share of net gains from asset sales. The six months ended June 30, 2011 also includes \$8,977 for our share of a tax settlement gain.

(5) The six months ended June 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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

5. Investments in Partially Owned Entities – continued

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

(Amounts in thousands)	Maturity	Interest Rate at June 30, 2011	100% of	
			Partially Owned Entities' Debt at June 30, 2011	December 31, 2010
Toys (32.7% interest) (as of April 30, 2011 and October 30, 2010, respectively):				
Senior unsecured notes (Face value – \$950,000)	07/17	10.75 %	\$ 929,183	\$ 928,045
Senior unsecured notes (Face value – \$725,000)	12/17	8.50 %	716,070	715,577
\$700 million secured term loan facility	09/16	6.00 %	686,979	689,757
Senior U.K. real estate facility	04/13	5.02 %	583,423	561,559
7.625% bonds (Face value – \$500,000)	08/11	8.82 %	498,787	495,943
7.875% senior notes (Face value – \$400,000)	04/13	9.50 %	388,781	386,167
7.375% senior secured notes (Face value – \$350,000)	09/16	7.38 %	349,750	350,000
7.375% senior notes (Face value – \$400,000)	10/18	9.99 %	345,970	343,528
Japan bank loans	03/12-02/16	1.85%-2.85%	184,662	180,500
Spanish real estate facility	02/13	4.51 %	189,580	179,511
Junior U.K. real estate facility	04/13	6.81%-7.84%	101,828	98,266
Japan borrowings	03/12	0.98 %	99,792	141,360
French real estate facility	02/13	4.51 %	91,457	86,599
8.750% debentures (Face value – \$21,600)	09/21	9.17 %	21,071	21,054
\$1.85 billion credit facility	08/15	-	-	519,810
European and Australian asset-based revolving credit facility	10/12	-	-	25,767
Other	Various	Various	171,350	156,853
			<u>5,358,683</u>	<u>5,880,296</u>
Alexander's (32.4% interest):				
731 Lexington Avenue mortgage note payable, collateralized by the office space	02/14	5.33 %	345,875	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	1.50 %	277,200	277,200
Kings Plaza Regional Shopping Center mortgage note payable ⁽¹⁾	06/16	1.95 %	250,000	151,214
Rego Park mortgage note payable	03/12	0.75 %	78,246	78,246
Paramus mortgage note payable	10/11	5.92 %	68,000	68,000
			<u>1,339,321</u>	<u>1,246,411</u>
Lexington (11.7% interest) (as of March 31, 2011 and September 30, 2010, respectively):				
Mortgage loans collateralized by Lexington's real estate	2011-2037	5.81 %	<u>1,721,643</u>	<u>1,927,729</u>
LNR (26.2% interest) (as of March 31, 2011 and September 30, 2010):				
Mortgage notes payable	2011-2043	4.75 %	353,803	508,547
Liabilities of consolidated CMBS and CDO trusts	n/a	5.28 %	140,615,139	142,001,333
			<u>140,968,942</u>	<u>142,509,880</u>

(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%.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

5. Investments in Partially Owned Entities - continued

(Amounts in thousands)	Maturity	Interest Rate at June 30, 2011	100% of	
			Partially Owned Entities' Debt at June 30, 2011	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 %	\$ 823,629	\$ -
One Park Avenue (30.3% interest) mortgage note payable	03/16	5.00 %	250,000	-
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 %	138,084	139,337
Fairfax Square (20% interest) mortgage note payable	12/14	7.00 %	71,376	71,764
Rosslyn Plaza (46% interest) mortgage note payable	12/11	1.30 %	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 %	22,466	22,922
825 Seventh Avenue (50% interest) mortgage note payable	10/14	8.07 %	20,327	20,565
India Real Estate Ventures:				
TCG Urban Infrastructure Holdings (25% interest) mortgage notes payable, collateralized by the entity's real estate	2011-2022	11.53 %	255,741	196,319
Other:				
Verde Realty Operating Partnership (8.3% interest) mortgage notes payable, collateralized by the partnerships' real estate	2013-2025	5.93 %	541,852	581,086
Green Courte Real Estate Partners, LLC (8.3% interest) (as of March 31, 2011 and September 30, 2010), mortgage notes payable, collateralized by the partnerships' real estate	2011-2018	5.60 %	295,441	296,991
Monmouth Mall (50% interest) mortgage note payable	02/14-09/15	5.35 %	172,384	164,474
Wells/Kinzie Garage (50% interest) mortgage note payable	12/17	5.00 %	14,917	15,022
Orleans Hubbard Garage (50% interest) mortgage note payable	12/17	5.00 %	9,442	9,508
Waterfront Station (2.5% interest)	n/a	n/a	-	217,106
Other	Various	4.58 %	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 \$40,339,296,000 and \$40,443,346,000 as of June 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 \$3,534,690,000 and \$3,275,917,000 at June 30, 2011 and December 31, 2010, respectively.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

6. 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 5 – Investments in Partially Owned Entities).

As of June 30, 2011 and December 31, 2010, the carrying amount of mezzanine loans receivable was \$155,613,000 and \$202,412,000, respectively, net of allowances of \$0 and \$73,216,000, respectively. These loans have a weighted average interest rate of 5.62% and maturities ranging from November 2011 to August 2015.

7. 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.

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

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

(Amounts in thousands)	Assets Related to		Liabilities Related to	
	Discontinued Operations as of		Discontinued Operations as of	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
High Point	\$ -	\$ 154,563	\$ -	\$ 236,974
1227 25th Street	-	43,630	-	-
1140 Connecticut Avenue	-	36,271	-	18,948
Total	<u>\$ -</u>	<u>\$ 234,464</u>	<u>\$ -</u>	<u>\$ 255,922</u>

(Amounts in thousands)	For The Three Months		For The Six Months	
	Ended June 30,		Ended June 30,	
	2011	2010	2011	2010
Total revenues	\$ -	\$ 12,116	\$ 5,987	\$ 23,137
Total expenses	-	15,797	6,744	26,332
	-	(3,681)	(757)	(3,195)
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	458	-	5,761	-
Litigation loss accrual	-	-	-	(10,056)
Income (loss) from discontinued operations	<u>\$ 458</u>	<u>\$ (3,681)</u>	<u>\$ 134,773</u>	<u>\$ (13,251)</u>

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

8. 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 June 30, 2011 and December 31, 2010.

(Amounts in thousands)	Balance as of	
	June 30, 2011	December 31, 2010
Identified intangible assets:		
Gross amount	\$ 680,598	\$ 687,253
Accumulated amortization	(363,341)	(338,508)
Net	<u>\$ 317,257</u>	<u>\$ 348,745</u>
Identified intangible liabilities (included in deferred credit):		
Gross amount	\$ 877,836	\$ 870,623
Accumulated amortization	(374,438)	(341,718)
Net	<u>\$ 503,398</u>	<u>\$ 528,905</u>

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental income of \$16,812,000 and \$16,284,000 for the three months ended June 30, 2011 and 2010, respectively, and \$33,571,000 and \$32,055,000 for the six months ended June 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	\$ 52,025
2013	44,095
2014	38,240
2015	35,472
2016	32,093

Amortization of all other identified intangible assets (a component of depreciation and amortization expense) was \$13,623,000 and \$15,757,000 for the three months ended June 30, 2011 and 2010, respectively, and \$27,885,000 and \$30,610,000 for the six months ended June 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	\$ 44,777
2013	37,281
2014	18,885
2015	13,929
2016	11,325

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 \$334,000 and \$509,000 for the three months ended June 30, 2011 and 2010, respectively, and \$648,000 and \$1,018,000 for the six months ended June 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

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

9. Debt

The following is a summary of our debt:

(Amounts in thousands)	<u>Maturity (1)</u>	<u>Interest Rate at June 30, 2011</u>	<u>Balance at</u>	
Notes and mortgages payable:			<u>June 30, 2011</u>	<u>December 31, 2010</u>
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 %	418,657	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 %	205,142	207,045
Eleven Penn Plaza	12/11	5.20 %	197,260	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 %	109,891	110,931
Universal Buildings	04/14	6.38 %	101,182	103,049
West End 25 ⁽⁴⁾	06/21	4.88 %	101,671	-
Reston Executive I, II, and III	01/13	5.57 %	93,000	93,000
2011 Crystal Drive	08/17	7.30 %	81,005	81,362
1550 and 1750 Crystal Drive	11/14	7.08 %	78,142	79,411
220 20th Street ⁽⁵⁾	02/18	4.61 %	75,704	-
1235 Clark Street	07/12	6.75 %	51,815	52,314
2231 Crystal Drive	08/13	7.08 %	45,211	46,358
1750 Pennsylvania Avenue	06/12	7.26 %	44,734	45,132
1225 Clark Street	08/13	7.08 %	27,044	27,616
1800, 1851 and 1901 South Bell Street	12/11	6.91 %	5,162	10,099
Retail:				
Cross-collateralized mortgages on 40 strip shopping centers	09/20	4.19 %	591,327	597,138
Montehiedra Town Center	07/16	6.04 %	120,000	120,000
Broadway Mall	07/13	5.30 %	88,994	90,227
828-850 Madison Avenue Condominium	06/18	5.29 %	80,000	80,000
North Bergen (Tonelle Avenue) ⁽⁶⁾	01/18	4.59 %	75,000	-
Las Catalinas Mall	11/13	6.97 %	56,912	57,737
510 5th Avenue	01/16	5.60 %	31,961	32,189
Other	03/12-05/36	5.10%-7.33%	100,476	101,251
Merchandise Mart:				
Merchandise Mart	12/16	5.57 %	550,000	550,000
Boston Design Center	09/15	5.02 %	67,947	68,538
Washington Design Center	11/11	6.95 %	43,021	43,447
Other:				
555 California Street	09/11	5.79 %	642,163	640,911
Borgata Land ⁽⁷⁾	02/21	5.14 %	60,000	-
Industrial Warehouses	n/a	n/a	-	24,358
Total fixed rate notes and mortgages payable		5.59 %	\$ <u>6,808,543</u>	\$ <u>6,253,038</u>

See notes on page 21.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

9. Debt - continued

(Amounts in thousands)

Notes and mortgages payable:	Maturity (1)	Spread over LIBOR	Interest Rate at June 30, 2011	Balance at	
				June 30, 2011	December 31, 2010
Variable rate:					
New York Office:					
Manhattan Mall	02/12	L+55	0.74 %	\$ 232,000	\$ 232,000
866 UN Plaza (8)	05/16	L+125 (8)	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 (9)	1.53 %	64,000	64,000
2200/2300 Clarendon Boulevard	01/15	L+75	0.94 %	56,320	59,278
1730 M and 1150 17th Street	06/14	L+140	1.65 %	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	1.65 %	325,045	335,000
Bergen Town Center	03/13	L+150	1.77 %	279,044	279,044
San Jose Strip Center	03/13	L+400	4.25 %	117,025	120,863
Beverly Connection (10)	07/12	L+350 (10)	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 (11)	09/20	L+136 (11)	2.36 %	60,000	60,000
435 Seventh Avenue (12)	08/14	L+300 (12)	5.00 %	51,603	51,844
Other	11/12	L+375	3.94 %	21,733	21,862
Other:					
220 Central Park South	10/11	L+235-L+245	2.58 %	123,750	123,750
Other	11/11	L+250	2.78 %	22,400	66,267
Total variable rate notes and mortgages payable			2.17 %	1,766,479	2,006,260
Total notes and mortgages payable			4.89 %	\$ 8,575,022	\$ 8,259,298
Senior unsecured notes:					
Senior unsecured notes due 2015	04/15		4.25 %	\$ 499,379	\$ 499,296
Senior unsecured notes due 2039 (13)	10/39		7.88 %	460,000	460,000
Floating rate senior unsecured notes due 2011	12/11	L+200	2.30 %	23,250	23,250
Senior unsecured notes due 2011	n/a		n/a	-	100,382
Total senior unsecured notes			5.90 %	\$ 982,629	\$ 1,082,928
3.88% exchangeable senior debentures due 2025					
(see page 22)	04/12		5.32 %	\$ 494,403	\$ 491,000
Convertible senior debentures: (see page 22)					
3.63% due 2026	11/11		5.32 %	\$ 177,954	\$ 176,499
2.85% due 2027	04/12		5.45 %	10,040	9,914
Total convertible senior debentures (14)			5.33 %	\$ 187,994	\$ 186,413
Unsecured revolving credit facilities:					
\$1.595 billion unsecured revolving credit facility	09/12	L+55	0.72 %	\$ 300,000	\$ 669,000
\$1.25 billion unsecured revolving credit facility ((\$21,534 reserved for outstanding letters of credit) (15)	06/16	L+135	-	-	205,000
Total unsecured revolving credit facilities			0.72 %	\$ 300,000	\$ 874,000

See notes on the following page.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

9. 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 on 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) 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.
- (8) On May 10, 2011, we refinanced this loan for the same amount. The five-year interest only loan is at LIBOR plus 1.25%.
- (9) This loan bears interest at the Freddie Mac Reference Note Rate plus 1.53%.
- (10) This loan has a LIBOR floor of 1.50%. The spread over LIBOR increases from 3.50% currently to 5.00% in August 2011.
- (11) This loan has a LIBOR floor of 1.00%.
- (12) This loan has a LIBOR floor of 2.00%.
- (13) 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.
- (14) 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.
- (15) 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% plus a .30% facility fee (drawn or undrawn), based on our credit ratings.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

9. 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		3.63% Convertible		3.88% Exchangeable	
	Senior Debentures due 2027		Senior Debentures due 2026		Senior Debentures due 2025	
	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
Balance Sheet:	2011	2010	2011	2010	2011	2010
Principal amount of debt component	\$ 10,233	\$ 10,233	\$ 179,052	\$ 179,052	\$ 499,982	\$ 499,982
Unamortized discount	(193)	(319)	(1,098)	(2,553)	(5,579)	(8,982)
Carrying amount of debt component	<u>\$ 10,040</u>	<u>\$ 9,914</u>	<u>\$ 177,954</u>	<u>\$ 176,499</u>	<u>\$ 494,403</u>	<u>\$ 491,000</u>
Carrying amount of equity component	<u>\$ 956</u>	<u>\$ 956</u>	<u>\$ 9,604</u>	<u>\$ 9,604</u>	<u>\$ 32,301</u>	<u>\$ 32,301</u>
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 June 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		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
Income Statement:	2011	2010	2011	2010
2.85% Convertible Senior Debentures due 2027:				
Coupon interest	\$ 72	\$ 160	\$ 145	\$ 320
Discount amortization – original issue	11	23	22	46
Discount amortization – ASC 470-20 implementation	52	107	104	215
	<u>\$ 135</u>	<u>\$ 290</u>	<u>\$ 271</u>	<u>\$ 581</u>
3.63% Convertible Senior Debentures due 2026:				
Coupon interest	\$ 1,622	\$ 3,842	\$ 3,245	\$ 7,805
Discount amortization – original issue	200	447	396	903
Discount amortization – ASC 470-20 implementation	533	1,198	1,059	2,416
	<u>\$ 2,355</u>	<u>\$ 5,487</u>	<u>\$ 4,700</u>	<u>\$ 11,124</u>
3.88% Exchangeable Senior Debentures due 2025:				
Coupon interest	\$ 4,844	\$ 4,844	\$ 9,688	\$ 9,688
Discount amortization – original issue	404	384	803	762
Discount amortization – ASC 470-20 implementation	1,309	1,241	2,600	2,466
	<u>\$ 6,557</u>	<u>\$ 6,469</u>	<u>\$ 13,091</u>	<u>\$ 12,916</u>

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

10. 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-11, 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	21,903
Distributions	(27,338)
Conversion of Class A units into common shares, at redemption value	(35,711)
Adjustments to carry redeemable Class A units at redemption value	66,075
Redemption of Series D-12 redeemable units	(13,000)
Other, net	7,356
Balance at June 30, 2010	<u>\$ 1,270,913</u>
Balance at December 31, 2010	\$ 1,327,974
Net income	40,539
Distributions	(25,711)
Conversion of Class A units into common shares, at redemption value	(35,208)
Adjustments to carry redeemable Class A units at redemption value	104,693
Redemption of Series D-11 redeemable units	(8,000)
Other, net	17,180
Balance at June 30, 2011	<u>\$ 1,421,467</u>

As of June 30, 2011 and December 31, 2010, the aggregate redemption value of redeemable Class A units was \$1,170,467,000 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 \$55,097,000 as of June 30, 2011 and December 31, 2010.

In June 2011, we redeemed 400,000 Series D-11 cumulative redeemable preferred units for \$8,000,000 in cash. In March and May of 2010, we redeemed 246,153 and 553,847 Series D-12 cumulative redeemable preferred units, respectively, for an aggregate of \$13,000,000 in cash.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

11. 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, we sold an additional 800,000 shares at a price of \$25.00 per share. We retained aggregate net proceeds of \$214,538,000, after underwriters' discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 8,850,000 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.

12. 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 June 30, 2011 and December 31, 2010, respectively.

(Amounts in thousands)	As of June 30, 2011			
	Total	Level 1	Level 2	Level 3
Marketable securities	\$ 791,676	\$ 791,676	\$ -	\$ -
Real Estate Fund investments (75% of which is attributable to noncontrolling interests)	255,795	-	-	255,795
Deferred compensation plan assets (included in other assets)	100,374	46,650	-	53,724
Derivative positions in marketable equity securities (included in other assets)	28,017	-	28,017	-
Total assets	<u>\$ 1,175,862</u>	<u>\$ 838,326</u>	<u>\$ 28,017</u>	<u>\$ 309,519</u>
Mandatorily redeemable instruments (included in other liabilities)	<u>\$ 55,097</u>	<u>\$ 55,097</u>	<u>\$ -</u>	<u>\$ -</u>
	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	<u>\$ 1,019,704</u>	<u>\$ 809,815</u>	<u>\$ 17,616</u>	<u>\$ 192,273</u>
Mandatorily redeemable instruments (included in other liabilities)	<u>\$ 55,097</u>	<u>\$ 55,097</u>	<u>\$ -</u>	<u>\$ -</u>

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

12. 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 six months ended June 30, 2011 and 2010.

Real Estate Fund Investments:

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Beginning balance	\$ 230,657	\$ -	\$ 144,423	\$ -
Purchases	22,808	-	123,047	-
Sales	(12,831)	-	(12,831)	-
Realized and unrealized gains	15,957	-	16,655	-
Other, net	(796)	-	(15,499)	-
Ending balance	\$ 255,795	\$ -	\$ 255,795	\$ -

Deferred Compensation Plan Assets:

(Amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Beginning balance	\$ 51,612	\$ 43,263	\$ 47,850	\$ 39,589
Purchases	17,818	3,210	19,104	6,342
Sales	(16,347)	(3,014)	(17,494)	(3,580)
Realized and unrealized gains	594	41	4,217	1,149
Other, net	47	98	47	98
Ending balance	\$ 53,724	\$ 43,598	\$ 53,724	\$ 43,598

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 June 30, 2011 and December 31, 2010.

(Amounts in thousands)	As of June 30, 2011		As of December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mezzanine loans receivable	\$ 155,613	\$ 149,948	\$ 202,412	\$ 197,581
Debt:				
Notes and mortgages payable	\$ 8,575,022	\$ 8,757,884	\$ 8,259,298	\$ 8,450,812
Senior unsecured notes	982,629	1,046,369	1,082,928	1,119,512
Exchangeable senior debentures	494,403	564,355	491,000	554,355
Convertible senior debentures	187,994	190,391	186,413	191,510
Revolving credit facility debt	300,000	300,000	874,000	874,000
	\$ 10,540,048	\$ 10,858,999	\$ 10,893,639	\$ 11,190,189

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

13. 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 June 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 \$6,919,000 and \$8,480,000 in the three months ended June 30, 2011 and 2010, respectively, and \$14,065,000 and \$14,957,000 in the six months ended June 30, 2011 and 2010, respectively.

14. Fee and Other Income

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

(Amounts in thousands)	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2011	2010	2011	2010
Tenant cleaning fees	\$ 15,409	\$ 13,468	\$ 30,832	\$ 27,120
Management and leasing fees	6,989	3,380	11,095	12,520
Lease termination fees	7,323	2,841	8,499	7,811
Other income	12,090	12,468	25,678	25,633
	<u>\$ 41,811</u>	<u>\$ 32,157</u>	<u>\$ 76,104</u>	<u>\$ 73,084</u>

Fee and other income above includes management fee income from Interstate Properties, a related party, of \$194,000 and \$192,000 for the three months ended June 30, 2011 and 2010, respectively, and \$391,000 and \$392,000 for the six months ended June 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 5 – Investments in Partially Owned Entities).

15. Interest and Other Investment Income, Net

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

(Amounts in thousands)	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2011	2010	2011	2010
Mezzanine loans loss (accrual) reversal and net gain on disposition	\$ -	\$ (6,900)	\$ 82,744	\$ (6,900)
Mark-to-market of investments in our deferred compensation plan ⁽¹⁾	1,793	(986)	6,745	1,777
(Loss) income from the mark-to-market of J.C. Penney derivative position	(6,762)	-	10,401	-
Dividends and interest on marketable securities	7,669	7,377	15,336	14,622
Interest on mezzanine loans	3,083	2,325	5,727	5,040
Other, net	2,224	2,060	4,162	4,041
	<u>\$ 8,007</u>	<u>\$ 3,876</u>	<u>\$ 125,115</u>	<u>\$ 18,580</u>

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

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

16. 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 potentially dilutive share equivalents. Potentially dilutive share equivalents include our Series A convertible preferred shares, employee stock options, restricted stock and exchangeable senior debentures due 2025.

(Amounts in thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Numerator:				
Income from continuing operations, net of income attributable to noncontrolling interests	\$ 108,152	\$ 75,787	\$ 395,099	\$ 299,909
Income (loss) from discontinued operations, net of income attributable to noncontrolling interests	429	(3,681)	126,145	(13,251)
Net income attributable to Vornado	108,581	72,106	521,244	286,658
Preferred share dividends	(16,668)	(14,266)	(30,116)	(28,533)
Net income attributable to common shareholders	91,913	57,840	491,128	258,125
Earnings allocated to unvested participating securities	(48)	(29)	(184)	(49)
Numerator for basic income per share	91,865	57,811	490,944	258,076
Impact of assumed conversions:				
Interest on 3.88% exchangeable senior debentures	-	-	13,090	-
Convertible preferred share dividends	-	-	64	81
Numerator for diluted income per share	<u>\$ 91,865</u>	<u>\$ 57,811</u>	<u>\$ 504,098</u>	<u>\$ 258,157</u>
Denominator:				
Denominator for basic income per share – weighted average shares	184,268	182,027	184,129	181,786
Effect of dilutive securities ⁽¹⁾ :				
3.88% exchangeable senior debentures	-	-	5,736	-
Employee stock options and restricted share awards	1,876	1,617	1,815	1,741
Convertible preferred shares	-	-	56	71
Denominator for diluted income per share – weighted average shares and assumed conversions	<u>186,144</u>	<u>183,644</u>	<u>191,736</u>	<u>183,598</u>
INCOME PER COMMON SHARE – BASIC:				
Income from continuing operations, net	\$ 0.50	\$ 0.34	\$ 1.98	\$ 1.49
(Loss) income from discontinued operations, net	-	(0.02)	0.69	(0.07)
Net income per common share	<u>\$ 0.50</u>	<u>\$ 0.32</u>	<u>\$ 2.67</u>	<u>\$ 1.42</u>
INCOME PER COMMON SHARE – DILUTED:				
Income from continuing operations, net	\$ 0.49	\$ 0.33	\$ 1.97	\$ 1.48
(Loss) income from discontinued operations, net	-	(0.02)	0.66	(0.07)
Net income per common share	<u>\$ 0.49</u>	<u>\$ 0.31</u>	<u>\$ 2.63</u>	<u>\$ 1.41</u>

(1) The effect of dilutive securities above excludes anti-dilutive weighted average common share equivalents of 18,349 and 20,075 in the three months ended June 30, 2011 and 2010, respectively, and 12,922 and 19,941 in the six months ended June 30, 2011 and 2010, respectively.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

17. 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 six months ended June 30, 2011, we recognized \$32,369,000 and \$73,068,000 of revenue, respectively, which is offset by development costs expensed of \$29,940,000 and \$68,218,000, respectively.

18. 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 \$150,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, up to a \$150,000,000 annual aggregate.

Penn Plaza Insurance Company, LLC ("PPIC"), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to 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. Our 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.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

18. 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 June 30, 2011, the aggregate dollar amount of these guarantees and master leases is approximately \$168,124,000.

At June 30, 2011, \$21,534,000 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.

We are committed to fund additional capital to certain of our partially owned entities aggregating approximately \$189,300,000, of which \$135,969,000 is committed to our Real Estate Fund. In addition, we have agreed in principle to contribute up to \$52,000,000 to a new investment management fund which will be managed by LNR.

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.

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 June 30, 2011, we have a \$39,483,000 receivable from Stop & Shop, of which \$21,855,000 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 \$39,483,000.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

19. Segment Information

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

(Amounts in thousands)

For the Three Months Ended June 30, 2011

	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other⁽³⁾
Property rentals	\$ 548,485	\$ 197,135	\$ 141,770	\$ 106,662	\$ 56,363	\$ -	\$ 46,555
Straight-line rent adjustments	8,349	3,890	(706)	3,730	653	-	782
Amortization of acquired below-market leases, net	16,812	8,178	512	6,996	17	-	1,109
Total rentals	573,646	209,203	141,576	117,388	57,033	-	48,446
Tenant expense reimbursements	82,325	31,483	8,936	36,636	3,744	-	1,526
Cleveland Medical Mart development project	32,369	-	-	-	32,369	-	-
Fee and other income:							
Tenant cleaning fees	15,409	23,679	-	-	-	-	(8,270)
Management and leasing fees	6,989	2,112	4,074	1,343	200	-	(740)
Lease termination fees	7,323	5,571	900	852	-	-	-
Other	12,090	5,103	5,317	1,692	(158)	-	136
Total revenues	730,151	277,151	160,803	157,911	93,188	-	41,098
Operating expenses	273,152	116,221	49,748	57,194	32,861	-	17,128
Depreciation and amortization	131,898	45,854	34,065	27,750	11,113	-	13,116
General and administrative	50,251	4,579	6,462	7,291	6,848	-	25,071
Cleveland Medical Mart development project	29,940	-	-	-	29,940	-	-
Acquisition and other costs	1,897	-	-	-	-	-	1,897
Total expenses	487,138	166,654	90,275	92,235	80,762	-	57,212
Operating income (loss)	243,013	110,497	70,528	65,676	12,426	-	(16,114)
(Loss) applicable to Toys	(22,846)	-	-	-	-	(22,846)	-
Income (loss) from partially owned entities	26,403	(845)	(767)	924	178	-	26,913
Income from Real Estate Fund	19,058	-	-	-	-	-	19,058
Interest and other investment income (loss), net	8,007	148	48	(6)	9	-	7,808
Interest and debt expense	(137,202)	(35,033)	(30,729)	(23,344)	(9,437)	-	(38,659)
Income (loss) before income taxes	136,433	74,767	39,080	43,250	3,176	(22,846)	(994)
Income tax expense	(5,922)	(440)	(569)	-	(911)	-	(4,002)
Income (loss) from continuing operations	130,511	74,327	38,511	43,250	2,265	(22,846)	(4,996)
Income from discontinued operations	458	-	-	458	-	-	-
Net income (loss)	130,969	74,327	38,511	43,708	2,265	(22,846)	(4,996)
Less:							
Net income attributable to noncontrolling interests in consolidated subsidiaries	(13,657)	(2,325)	-	(69)	-	-	(11,263)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(8,731)	-	-	-	-	-	(8,731)
Net income (loss) attributable to Vornado	108,581	72,002	38,511	43,639	2,265	(22,846)	(24,990)
Interest and debt expense ⁽²⁾	202,956	36,953	34,093	24,468	9,595	43,393	54,454
Depreciation and amortization ⁽²⁾	182,496	47,621	38,306	28,400	11,227	32,896	24,046
Income tax (benefit) expense ⁽²⁾	(17,343)	440	607	-	911	(23,969)	4,668
EBITDA ⁽¹⁾	\$ 476,690	\$ 157,016	\$ 111,517	\$ 96,507	\$ 23,998	\$ 29,474	\$ 58,178

See notes of page 34.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

19. Segment Information – continued

(Amounts in thousands)

For the Three Months Ended June 30, 2010

	For the Three Months Ended June 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other ⁽³⁾
Property rentals	\$ 531,576	\$ 195,248	\$ 142,952	\$ 96,335	\$ 54,441	\$ -	\$ 42,600
Straight-line rent adjustments	17,552	7,255	964	7,761	725	-	847
Amortization of acquired below-market leases, net	16,284	9,134	621	4,933	15	-	1,581
Total rentals	565,412	211,637	144,537	109,029	55,181	-	45,028
Tenant expense reimbursements	86,420	32,431	12,546	35,351	3,829	-	2,263
Fee and other income:							
Tenant cleaning fees	13,468	20,639	-	-	-	-	(7,171)
Management and leasing fees	3,380	1,393	2,384	321	19	-	(737)
Lease termination fees	2,841	2,297	82	428	34	-	-
Other	12,468	4,513	5,061	1,005	744	-	1,145
Total revenues	683,989	272,910	164,610	146,134	59,807	-	40,528
Operating expenses	261,845	111,055	50,013	55,648	28,727	-	16,402
Depreciation and amortization	133,277	44,271	36,018	27,528	11,387	-	14,073
General and administrative	49,540	4,767	6,202	6,807	7,157	-	24,607
Acquisition and other costs	1,930	-	-	-	-	-	1,930
Total expenses	446,592	160,093	92,233	89,983	47,271	-	57,012
Operating income (loss)	237,397	112,817	72,377	56,151	12,536	-	(16,484)
(Loss) applicable to Toys	(21,004)	-	-	-	-	(21,004)	-
Income from partially owned entities	4,452	1,337	188	1,129	55	-	1,743
Interest and other investment income, net	3,876	163	23	186	12	-	3,492
Interest and debt expense	(142,175)	(33,047)	(34,068)	(20,315)	(9,464)	-	(45,281)
Net (loss) on extinguishment of debt	(1,072)	-	-	-	-	-	(1,072)
Net gain (loss) on disposition of wholly owned and partially owned assets	4,382	-	-	-	(31)	-	4,413
Income (loss) before income taxes	85,856	81,270	38,520	37,151	3,108	(21,004)	(53,189)
Income tax (expense) benefit	(4,964)	(335)	595	-	(402)	-	(4,822)
Income (loss) from continuing operations	80,892	80,935	39,115	37,151	2,706	(21,004)	(58,011)
(Loss) income from discontinued operations	(3,681)	-	1,137	(333)	(4,485)	-	-
Net income (loss)	77,211	80,935	40,252	36,818	(1,779)	(21,004)	(58,011)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(981)	(2,556)	-	256	-	-	1,319
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(4,124)	-	-	-	-	-	(4,124)
Net income (loss) attributable to Vornado	72,106	78,379	40,252	37,074	(1,779)	(21,004)	(60,816)
Interest and debt expense ⁽²⁾	207,512	31,595	34,943	22,526	16,478	42,093	59,877
Depreciation and amortization ⁽²⁾	184,103	42,736	39,694	28,500	12,785	34,444	25,944
Income tax (benefit) expense ⁽²⁾	(19,140)	335	(617)	-	402	(24,123)	4,863
EBITDA ⁽¹⁾	\$ 444,581	\$ 153,045	\$ 114,272	\$ 88,100	\$ 27,886	\$ 31,410	\$ 29,868

See notes of page 34.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

19. Segment Information – continued

(Amounts in thousands)

For the Six Months Ended June 30, 2011

	For the Six Months Ended June 30, 2011						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other ⁽³⁾
Property rentals	\$ 1,088,957	\$ 391,377	\$ 280,654	\$ 214,109	\$ 118,928	\$ -	\$ 83,889
Straight-line rent adjustments	22,278	11,760	(711)	7,911	1,443	-	1,875
Amortization of acquired below-market leases, net	33,571	16,355	978	13,956	34	-	2,248
Total rentals	1,144,806	419,492	280,921	235,976	120,405	-	88,012
Tenant expense reimbursements	173,284	65,359	18,233	75,967	7,767	-	5,958
Cleveland Medical Mart development project	73,068	-	-	-	73,068	-	-
Fee and other income:							
Tenant cleaning fees	30,832	47,109	-	-	-	-	(16,277)
Management and leasing fees	11,095	3,607	6,959	1,898	303	-	(1,672)
Lease termination fees	8,499	5,636	2,011	852	-	-	-
Other	25,678	9,866	10,662	3,099	1,878	-	173
Total revenues	1,467,262	551,069	318,786	317,792	203,421	-	76,194
Operating expenses	563,925	238,130	98,584	117,874	74,807	-	34,530
Depreciation and amortization	264,125	92,000	67,749	56,291	22,175	-	25,910
General and administrative	109,254	9,943	12,999	15,313	14,446	-	56,553
Cleveland Medical Mart development project	68,218	-	-	-	68,218	-	-
Acquisition and other costs	20,167	-	-	15,000	3,040	-	2,127
Total expenses	1,025,689	340,073	179,332	204,478	182,686	-	119,120
Operating income (loss)	441,573	210,996	139,454	113,314	20,735	-	(42,926)
Income applicable to Toys	90,098	-	-	-	-	90,098	-
Income (loss) from partially owned entities	42,687	243	(4,682)	1,242	254	-	45,630
Income from Real Estate Fund	20,138	-	-	-	-	-	20,138
Interest and other investment income, net	125,115	320	80	2	18	-	124,695
Interest and debt expense	(271,967)	(68,119)	(59,655)	(46,413)	(18,775)	-	(79,005)
Net gain on disposition of wholly owned and partially owned assets	6,677	-	-	-	-	-	6,677
Income before income taxes	454,321	143,440	75,197	68,145	2,232	90,098	75,209
Income tax expense	(12,304)	(959)	(1,307)	(5)	(1,321)	-	(8,712)
Income from continuing operations	442,017	142,481	73,890	68,140	911	90,098	66,497
Income from discontinued operations	134,773	-	46,466	5,761	82,546	-	-
Net income	576,790	142,481	120,356	73,901	83,457	90,098	66,497
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(15,007)	(4,596)	-	86	-	-	(10,497)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(40,539)	-	-	-	-	-	(40,539)
Net income attributable to Vornado	521,244	137,885	120,356	73,987	83,457	90,098	15,461
Interest and debt expense ⁽²⁾	401,804	68,947	66,314	48,632	22,502	83,528	111,881
Depreciation and amortization ⁽²⁾	368,344	92,714	80,205	57,376	22,402	67,569	48,078
Income tax expense ⁽²⁾	49,485	959	1,455	5	1,321	45,049	696
EBITDA ⁽¹⁾	\$ 1,340,877	\$ 300,505	\$ 268,330	\$ 180,000	\$ 129,682	\$ 286,244	\$ 176,116

See notes on page 34.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

19. Segment Information – continued

(Amounts in thousands)

For the Six Months Ended June 30, 2010

	For the Six Months Ended June 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other ⁽³⁾
Property rentals	\$ 1,048,199	\$ 387,852	\$ 279,778	\$ 191,442	\$ 112,098	\$ -	\$ 77,029
Straight-line rent adjustments	37,615	15,049	5,172	14,119	1,827	-	1,448
Amortization of acquired below-market leases, net	32,055	18,339	1,242	9,449	(106)	-	3,131
Total rentals	1,117,869	421,240	286,192	215,010	113,819	-	81,608
Tenant expense reimbursements	178,350	65,683	27,463	72,946	7,806	-	4,452
Fee and other income:							
Tenant cleaning fees	27,120	41,057	-	-	-	-	(13,937)
Management and leasing fees	12,520	2,850	10,480	545	33	-	(1,388)
Lease termination fees	7,811	3,025	528	3,836	422	-	-
Other	25,633	8,923	10,898	1,745	2,706	-	1,361
Total revenues	1,369,303	542,778	335,561	294,082	124,786	-	72,096
Operating expenses	536,538	226,104	104,770	108,775	65,937	-	30,952
Depreciation and amortization	267,070	87,978	72,230	55,325	23,366	-	28,171
General and administrative	98,170	9,346	12,095	13,748	14,355	-	48,626
Acquisition and other costs	1,930	-	-	-	-	-	1,930
Total expenses	903,708	323,428	189,095	177,848	103,658	-	109,679
Operating income (loss)	465,595	219,350	146,466	116,234	21,128	-	(37,583)
Income applicable to Toys	104,866	-	-	-	-	104,866	-
Income (loss) from partially owned entities	15,796	2,640	(4)	2,520	231	-	10,409
Interest and other investment income, net	18,580	327	49	189	24	-	17,991
Interest and debt expense	(277,902)	(65,733)	(68,225)	(37,957)	(18,827)	-	(87,160)
Net (loss) on extinguishment of debt	(1,072)	-	-	-	-	-	(1,072)
Net gain on disposition of wholly owned and partially owned assets	7,687	-	-	-	765	-	6,922
Income (loss) before income taxes	333,550	156,584	78,286	80,986	3,321	104,866	(90,493)
Income tax expense	(10,544)	(809)	(91)	(35)	(596)	-	(9,013)
Income (loss) from continuing operations	323,006	155,775	78,195	80,951	2,725	104,866	(99,506)
(Loss) from discontinued operations	(13,251)	-	(7,186)	(535)	(5,530)	-	-
Net income (loss)	309,755	155,775	71,009	80,416	(2,805)	104,866	(99,506)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(1,194)	(4,848)	-	498	-	-	3,156
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(21,903)	-	-	-	-	-	(21,903)
Net income (loss) attributable to Vornado	286,658	150,927	71,009	80,914	(2,805)	104,866	(118,253)
Interest and debt expense ⁽²⁾	403,699	62,587	70,114	41,880	29,487	83,233	116,398
Depreciation and amortization ⁽²⁾	370,252	84,810	79,535	57,311	26,267	69,771	52,558
Income tax expense ⁽²⁾	36,566	809	107	35	655	25,587	9,373
EBITDA ⁽¹⁾	\$ 1,097,175	\$ 299,133	\$ 220,765	\$ 180,140	\$ 53,604	\$ 283,457	\$ 60,076

See notes on the following page.

VORNADO REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

19. 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		For the Six Months	
	Ended June 30,		Ended June 30,	
	2011	2010	2011	2010
Our share of Real Estate Fund:				
Operations	\$ 827	\$ -	\$ 1,807	\$ -
Net unrealized gains	3,218	-	3,392	-
Net realized gains	771	-	771	-
Carried interest	2,140	-	2,140	-
Total	6,956	-	8,110	-
Alexander's	15,821	14,260	30,989	28,659
Lexington ⁽¹⁾	17,313	11,435	29,306	29,283
LNR (acquired in July 2010) ⁽²⁾	13,410	-	22,800	-
555 California Street	10,423	11,136	21,388	22,624
Hotel Pennsylvania	8,677	6,616	8,609	6,169
Other investments	11,735	8,469	19,936	18,615
	84,335	51,916	141,138	105,350
Corporate general and administrative expenses ⁽³⁾	(20,024)	(20,642)	(41,379)	(39,956)
Investment income and other, net ⁽³⁾	11,954	14,554	26,330	26,068
Mezzanine loans loss (accrual) reversal and net gain on disposition	-	(6,900)	82,744	(6,900)
(Loss) income from the mark-to-market of J.C. Penney derivative position	(6,762)	-	10,401	-
Net gain on sale of condominiums	-	722	4,586	3,149
Acquisition costs	(2,191)	(1,930)	(3,714)	(1,930)
Real Estate Fund placement fees	(403)	(2,656)	(3,451)	(2,730)
Net loss on extinguishment of debt	-	(1,072)	-	(1,072)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(8,731)	(4,124)	(40,539)	(21,903)
	<u>\$ 58,178</u>	<u>\$ 29,868</u>	<u>\$ 176,116</u>	<u>\$ 60,076</u>

(1) Includes net gains of \$8,308 in the three months ended June 30, 2011, and \$9,760 and \$5,998 in the six months ended June 30, 2011 and 2010, respectively, resulting from Lexington's stock issuances.

(2) The three and six months ended June 30, 2011 include \$6,020 for our share of net gains from asset sales. The six months ended June 30, 2011 also includes \$8,977 for our share of a tax settlement gain.

(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 June 30, 2011, and the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended June 30, 2011 and 2010, and of changes in equity and cash flows for the six-month periods ended June 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
August 1, 2011

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

Certain statements contained herein 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 six months ended June 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 June 30, 2011:

	Total Return ⁽¹⁾		
	Vornado	RMS	SNL
One-year	31.6%	34.1%	34.7%
Three-year	17.2%	17.1%	20.8%
Five-year	13.2%	12.7%	17.4%
Ten-year	278.8%	173.1%	186.6%

(1) Past performance is not necessarily indicative of how we will perform in the future.

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

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 5-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 in 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.

In the first half of 2011, we sold (i) 1140 Connecticut Avenue and 1227 25th Street for \$127,000,000 in cash, which resulted in a \$45,862,000 net gain, and (ii) 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 financing 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 we sold an additional 800,000 shares at a price of \$25.00 per share. We retained aggregate net proceeds of \$214,538,000, after underwriters' discounts and issuance costs and contributed the net proceeds to the Operating Partnership in exchange for 8,850,000 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% plus a .30% facility fee (drawn or undrawn), based on our credit ratings. We plan to extend our second revolving credit facility of \$1,595,000,000, which matures in September 2012. Our total revolving credit facilities are now \$2,845,000,000, of which \$300,000,000 is outstanding at June 30, 2011.

Overview - continued

Quarter Ended June 30, 2011 Financial Results Summary

Net income attributable to common shareholders for the quarter ended June 30, 2011 was \$91,913,000, or \$0.49 per diluted share, compared to \$57,840,000, or \$0.31 per diluted share, for the quarter ended June 30, 2010. Net income for the quarter ended June 30, 2011 includes \$3,069,000 of net gains on sale of real estate. In addition, the quarters ended June 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, increased net income attributable to common shareholders by \$11,036,000, or \$0.06 per diluted share for the quarter ended June 30, 2011 and decreased net income attributable to common shareholders for the quarter ended June 30, 2010 by \$13,298,000, or \$0.07 per diluted share.

Funds From Operations attributable to common shareholders plus assumed conversions ("FFO") for the quarter ended June 30, 2011 was \$243,418,000, or \$1.27 per diluted share, compared to \$204,772,000, or \$1.11 per diluted share, for the prior year's quarter. FFO for the quarters ended June 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, increased FFO by \$8,184,000, or \$0.04 per diluted share for the quarter ended June 30, 2011 and decreased FFO for the quarter ended June 30, 2010 by \$9,980,000, or \$0.05 per diluted share.

(Amounts in thousands)	For the Three Months Ended	
	June 30,	
	2011	2010
Items that affect comparability income (expense):		
Net gain resulting from Lexington's stock issuances	\$ 8,308	\$ -
Our share of LNR's net gain from asset sales	6,020	-
Discount on redemption of perpetual preferred units	2,000	4,818
Loss from the mark-to-market of J.C. Penney derivative position	(6,762)	-
Real Estate Fund placement fees	(403)	(2,656)
Mezzanine loans loss accrual	-	(6,900)
Default interest and fees accrued on loans in special servicing	-	(6,558)
Net loss on extinguishment of debt	-	(1,072)
FFO attributable to discontinued operations	-	2,819
Other, net	(430)	(1,208)
	8,733	(10,757)
Noncontrolling interests' share of above adjustments	(549)	777
Items that affect comparability, net	\$ 8,184	\$ (9,980)

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 June 30, 2011 over the quarter ended June 30, 2010 and the trailing quarter ended March 31, 2011 are summarized below.

Same Store EBITDA:	New York	Washington, DC		Merchandise
	Office	Office	Retail	Mart
June 30, 2011 vs. June 30, 2010				
GAAP basis	(1.3%)	0.3%	4.6%	(2.0%)
Cash Basis	0.2%	1.8%	10.3%	(1.8%)
June 30, 2011 vs. March 31, 2011				
GAAP basis	4.0%	(0.3%)	0.1%	1.6%
Cash Basis	5.8%	0.3%	1.0%	2.1%

Overview - continued

Six Months Ended June 30, 2011 Financial Results Summary

Net income attributable to common shareholders for the six months ended June 30, 2011 was \$491,128,000, or \$2.63 per diluted share, compared to \$258,125,000, or \$1.41 per diluted share, for the six months ended June 30, 2010. Net income for the six months ended June 30, 2011 and 2010 include \$55,883,000 and \$307,000, respectively, for our share of net gains on sale of real estate. In addition, six months ended June 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 for the six months ended June 30, 2011 by \$228,075,000, or \$1.19 per diluted share, and decreased net income attributable to common shareholders for the six months ended June 30, 2010 by \$10,913,000, or \$0.06 per diluted share.

FFO for the six months ended June 30, 2011 was \$749,349,000, or \$3.91 per diluted share, compared to \$565,066,000, or \$2.98 per diluted share, for the six months ended June 30, 2010. FFO for six months ended June 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 for the six months ended June 30, 2011 by \$175,711,000, or \$0.92 per diluted share, and decreased FFO for the six months ended June 30, 2010 by \$4,753,000, or \$0.03 per diluted share.

(Amounts in thousands)	For the Six Months Ended	
	June 30,	
	2011	2010
Items that affect comparability income (expense):		
Net gain (loss) on extinguishment of debt	\$ 83,907	\$ (1,072)
Mezzanine loans loss (accrual) reversal and net gain on disposition	82,744	(6,900)
Our share of LNR's asset sales and tax settlement gains	14,997	-
Income from the mark-to-market of J.C. Penney derivative position	10,401	-
Net gain resulting from Lexington's stock issuances	9,760	5,998
Net gain on sale of condominiums	4,586	3,149
Discount on redemption of perpetual preferred units	2,000	6,972
Buy-out of a below-market lease	(15,000)	-
Real Estate Fund placement fees	(3,451)	(2,730)
Litigation loss accrual	-	(10,056)
Default interest and fees accrued on loans in special servicing	-	(6,558)
(Negative FFO) FFO attributable to discontinued operations	(757)	6,569
Other, net	(1,666)	(483)
	187,521	(5,111)
Noncontrolling interests' share of above adjustments	(11,810)	358
Items that affect comparability, net	\$ 175,711	\$ (4,753)

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

Same Store EBITDA:	New York	Washington, DC	Merchandise	
	Office	Office	Retail	Mart
June 30, 2011 vs. June 30, 2010				
GAAP basis	(1.5%)	2.8%	4.2%	3.5%
Cash Basis	(0.2%)	6.1%	8.5%	4.1%

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) As of June 30, 2011:	New York	Washington, DC	Retail ⁽⁴⁾	Merchandise Mart	
	Office	Office		Office	Showroom
Total square feet (in service)	19,651	20,550	25,443	2,624	4,187
Our share of square feet (in service)	17,110	17,821	23,472	2,624	4,187
Number of properties	30	82	158	6	6
Occupancy rate	94.8%	93.1% ⁽³⁾	92.3%	90.9%	92.9%

Leasing Activity:

Quarter Ended June 30, 2011:

Total square feet leased	561	383	392	40	104
Our share of square feet leased:	448	361	369	40	104
Initial rent ⁽¹⁾	\$ 68.66	\$ 40.37	\$ 18.43	\$ 30.27	\$ 32.80
Weighted average lease term (years)	6.6	5.1	6.5	6.4	4.3
Relet space (included above):					
Square feet	366	331	197	40	104
Cash basis:					
Initial rent ⁽¹⁾	\$ 72.08	\$ 40.32	\$ 11.57	\$ 30.27	\$ 32.80
Prior escalated rent	\$ 63.04	\$ 39.67	\$ 11.48	\$ 28.24	\$ 34.30
Percentage increase (decrease)	14.3%	1.6%	0.8%	7.2%	(4.4%)
GAAP basis:					
Straight-line rent ⁽²⁾	\$ 71.82	\$ 38.78	\$ 12.03	\$ 30.35	\$ 30.62
Prior straight-line rent	\$ 62.57	\$ 37.30	\$ 10.97	\$ 23.90	\$ 30.93
Percentage increase (decrease)	14.8%	4.0%	9.7%	27.0%	(1.0%)
Tenant improvements and leasing commissions:					
Per square foot	\$ 44.15	\$ 22.79	\$ 4.70	\$ 37.45	\$ 3.43
Per square foot per annum:	\$ 6.69	\$ 4.47	\$ 0.72	\$ 5.84	\$ 0.80
Percentage of initial rent	9.7%	11.1%	3.9%	19.3%	2.4%

Six Months Ended June 30, 2011:

Total square feet leased	1,233	787	745	40	220
Our share of square feet leased:	784	672	715	40	220
Initial rent ⁽¹⁾	\$ 60.84	\$ 39.07	\$ 24.78	\$ 30.27	\$ 34.52
Weighted average lease term (years)	9.7	4.5	7.8	6.4	5.7
Relet space (included above):					
Square feet	549	599	272	40	220
Cash basis:					
Initial rent ⁽¹⁾	\$ 67.16	\$ 38.61	\$ 15.63	\$ 30.27	\$ 34.52
Prior escalated rent	\$ 58.45	\$ 37.72	\$ 14.15	\$ 28.24	\$ 35.99
Percentage increase (decrease)	14.9%	2.4%	10.5%	7.2%	(4.1%)
GAAP basis:					
Straight-line rent ⁽²⁾	\$ 66.57	\$ 38.39	\$ 16.15	\$ 30.35	\$ 33.01
Prior straight-line rent	\$ 57.58	\$ 36.01	\$ 13.62	\$ 23.90	\$ 33.16
Percentage increase (decrease)	15.6%	6.6%	18.6%	27.0%	(0.5%)
Tenant improvements and leasing commissions:					
Per square foot	\$ 50.12	\$ 17.81	\$ 7.27	\$ 37.45	\$ 3.26
Per square foot per annum:	\$ 5.16	\$ 3.96	\$ 0.93	\$ 5.84	\$ 0.57
Percentage of initial rent	8.5%	10.1%	3.8%	19.3%	1.7%

See notes on the following table

Overview - continued

(Square feet in thousands)	New York	Washington, DC	Retail ⁽⁴⁾	Merchandise Mart	
	Office	Office		Office	Showroom
As of March 31, 2011:					
Total square feet (in service)	18,445	21,171	25,266	2,621	4,191
Our share of square feet (in service)	16,501	17,829	23,424	2,621	4,191
Number of properties	29	82	160	6	6
Occupancy rate	95.7%	93.4% ⁽³⁾	92.4%	90.8%	93.1%
As of December 31, 2010:					
Total square feet (in service)	17,454	21,149	25,557	2,608	4,204
Our share of square feet (in service)	16,194	17,823	23,453	2,608	4,204
Number of properties	28	82	161	6	6
Occupancy rate	95.6%	94.3% ⁽³⁾	92.3%	91.5%	93.2%
As of June 30, 2010:					
Total square feet (in service)	17,499	21,186	25,159	2,598	4,211
Our share of square feet (in service)	16,187	18,239	22,767	2,598	4,211
Number of properties	28	82	164	6	6
Occupancy rate	95.5%	95.1% ⁽³⁾	92.3%	91.0%	93.3%

(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.

June 30, 2011	92.2%
March 31, 2011	92.5%
December 31, 2010	94.0%
June 30, 2010	94.8%

(4) Mall sales per square foot, including partially owned malls, for the trailing twelve months ended June 30, 2011 and 2010 were \$465 and \$468, respectively.

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

(Amounts in thousands)

For the Three Months Ended June 30, 2011

	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other ⁽³⁾
Property rentals	\$ 548,485	\$ 197,135	\$ 141,770	\$ 106,662	\$ 56,363	\$ -	\$ 46,555
Straight-line rent adjustments	8,349	3,890	(706)	3,730	653	-	782
Amortization of acquired below-market leases, net	16,812	8,178	512	6,996	17	-	1,109
Total rentals	573,646	209,203	141,576	117,388	57,033	-	48,446
Tenant expense reimbursements	82,325	31,483	8,936	36,636	3,744	-	1,526
Cleveland Medical Mart development project	32,369	-	-	-	32,369	-	-
Fee and other income:							
Tenant cleaning fees	15,409	23,679	-	-	-	-	(8,270)
Management and leasing fees	6,989	2,112	4,074	1,343	200	-	(740)
Lease termination fees	7,323	5,571	900	852	-	-	-
Other	12,090	5,103	5,317	1,692	(158)	-	136
Total revenues	730,151	277,151	160,803	157,911	93,188	-	41,098
Operating expenses	273,152	116,221	49,748	57,194	32,861	-	17,128
Depreciation and amortization	131,898	45,854	34,065	27,750	11,113	-	13,116
General and administrative	50,251	4,579	6,462	7,291	6,848	-	25,071
Cleveland Medical Mart development project	29,940	-	-	-	29,940	-	-
Acquisition and other costs	1,897	-	-	-	-	-	1,897
Total expenses	487,138	166,654	90,275	92,235	80,762	-	57,212
Operating income (loss)	243,013	110,497	70,528	65,676	12,426	-	(16,114)
(Loss) applicable to Toys	(22,846)	-	-	-	-	(22,846)	-
Income (loss) from partially owned entities	26,403	(845)	(767)	924	178	-	26,913
Income from Real Estate Fund	19,058	-	-	-	-	-	19,058
Interest and other investment income (loss), net	8,007	148	48	(6)	9	-	7,808
Interest and debt expense	(137,202)	(35,033)	(30,729)	(23,344)	(9,437)	-	(38,659)
Income (loss) before income taxes	136,433	74,767	39,080	43,250	3,176	(22,846)	(994)
Income tax expense	(5,922)	(440)	(569)	-	(911)	-	(4,002)
Income (loss) from continuing operations	130,511	74,327	38,511	43,250	2,265	(22,846)	(4,996)
Income from discontinued operations	458	-	-	458	-	-	-
Net income (loss)	130,969	74,327	38,511	43,708	2,265	(22,846)	(4,996)
Less:							
Net income attributable to noncontrolling interests in consolidated subsidiaries	(13,657)	(2,325)	-	(69)	-	-	(11,263)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(8,731)	-	-	-	-	-	(8,731)
Net income (loss) attributable to Vornado	108,581	72,002	38,511	43,639	2,265	(22,846)	(24,990)
Interest and debt expense ⁽²⁾	202,956	36,953	34,093	24,468	9,595	43,393	54,454
Depreciation and amortization ⁽²⁾	182,496	47,621	38,306	28,400	11,227	32,896	24,046
Income tax (benefit) expense ⁽²⁾	(17,343)	440	607	-	911	(23,969)	4,668
EBITDA ⁽¹⁾	\$ 476,690	\$ 157,016	\$ 111,517	\$ 96,507	\$ 23,998	\$ 29,474	\$ 58,178

See notes on page 46.

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

(Amounts in thousands)

	For the Three Months Ended June 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other ⁽³⁾
Property rentals	\$ 531,576	\$ 195,248	\$ 142,952	\$ 96,335	\$ 54,441	\$ -	\$ 42,600
Straight-line rent adjustments	17,552	7,255	964	7,761	725	-	847
Amortization of acquired below-market leases, net	16,284	9,134	621	4,933	15	-	1,581
Total rentals	565,412	211,637	144,537	109,029	55,181	-	45,028
Tenant expense reimbursements	86,420	32,431	12,546	35,351	3,829	-	2,263
Fee and other income:							
Tenant cleaning fees	13,468	20,639	-	-	-	-	(7,171)
Management and leasing fees	3,380	1,393	2,384	321	19	-	(737)
Lease termination fees	2,841	2,297	82	428	34	-	-
Other	12,468	4,513	5,061	1,005	744	-	1,145
Total revenues	683,989	272,910	164,610	146,134	59,807	-	40,528
Operating expenses	261,845	111,055	50,013	55,648	28,727	-	16,402
Depreciation and amortization	133,277	44,271	36,018	27,528	11,387	-	14,073
General and administrative	49,540	4,767	6,202	6,807	7,157	-	24,607
Acquisition and other costs	1,930	-	-	-	-	-	1,930
Total expenses	446,592	160,093	92,233	89,983	47,271	-	57,012
Operating income (loss)	237,397	112,817	72,377	56,151	12,536	-	(16,484)
(Loss) applicable to Toys	(21,004)	-	-	-	-	(21,004)	-
Income from partially owned entities	4,452	1,337	188	1,129	55	-	1,743
Interest and other investment income, net	3,876	163	23	186	12	-	3,492
Interest and debt expense	(142,175)	(33,047)	(34,068)	(20,315)	(9,464)	-	(45,281)
Net (loss) on extinguishment of debt	(1,072)	-	-	-	-	-	(1,072)
Net gain (loss) on disposition of wholly owned and partially owned assets	4,382	-	-	-	(31)	-	4,413
Income (loss) before income taxes	85,856	81,270	38,520	37,151	3,108	(21,004)	(53,189)
Income tax (expense) benefit	(4,964)	(335)	595	-	(402)	-	(4,822)
Income (loss) from continuing operations	80,892	80,935	39,115	37,151	2,706	(21,004)	(58,011)
(Loss) income from discontinued operations	(3,681)	-	1,137	(333)	(4,485)	-	-
Net income (loss)	77,211	80,935	40,252	36,818	(1,779)	(21,004)	(58,011)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(981)	(2,556)	-	256	-	-	1,319
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(4,124)	-	-	-	-	-	(4,124)
Net income (loss) attributable to Vornado	72,106	78,379	40,252	37,074	(1,779)	(21,004)	(60,816)
Interest and debt expense ⁽²⁾	207,512	31,595	34,943	22,526	16,478	42,093	59,877
Depreciation and amortization ⁽²⁾	184,103	42,736	39,694	28,500	12,785	34,444	25,944
Income tax (benefit) expense ⁽²⁾	(19,140)	335	(617)	-	402	(24,123)	4,863
EBITDA ⁽¹⁾	\$ 444,581	\$ 153,045	\$ 114,272	\$ 88,100	\$ 27,886	\$ 31,410	\$ 29,868

See notes on the following page.

Net Income and EBITDA by Segment for the Three Months Ended June 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 June 30,	
	2011	2010
Our share of Real Estate Fund:		
Operations	\$ 827	\$ -
Net unrealized gains	3,218	-
Net realized gains	771	-
Carried interest	2,140	-
Total	6,956	-
Lexington ⁽¹⁾	17,313	11,435
Alexander's	15,821	14,260
LNR (acquired in July 2010) ⁽²⁾	13,410	-
555 California Street	10,423	11,136
Hotel Pennsylvania	8,677	6,616
Other investments	11,735	8,469
	84,335	51,916
Corporate general and administrative expenses ⁽³⁾	(20,024)	(20,642)
Investment income and other, net ⁽³⁾	11,954	14,554
Loss from the mark-to-market of J.C. Penney derivative position	(6,762)	-
Acquisition costs	(2,191)	(1,930)
Real Estate Fund placement fees	(403)	(2,656)
Mezzanine loans loss accrual	-	(6,900)
Net loss on extinguishment of debt	-	(1,072)
Net gain on sale of condominiums	-	722
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(8,731)	(4,124)
	<u>\$ 58,178</u>	<u>\$ 29,868</u>

- (1) Includes net gains of \$8,308 in the three months ended June 30, 2011, resulting from Lexington's stock issuances.
- (2) The three months ended June 30, 2011 includes \$6,020 for our share of net gains from asset sales.
- (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 Three Months Ended June 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.

Region:	For the Three Months Ended June 30,	
	2011	2010
New York City metropolitan area	60%	60%
Washington, DC / Northern Virginia metropolitan area	29%	30%
California	2%	2%
Chicago	5%	5%
Puerto Rico	2%	1%
Other geographies	2%	2%
	<u>100%</u>	<u>100%</u>

Results of Operations – Three Months Ended June 30, 2011 Compared to June 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 \$730,151,000 for the three months ended June 30, 2011, compared to \$683,989,000 in the prior year's quarter, an increase of \$46,162,000, of which \$32,369,000 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	\$ (4,616)	\$ (1,919)	\$ (8,384)	\$ 4,138	\$ -	\$ 1,549
Development	2,414	-	1,932	482	-	-
Hotel Pennsylvania	3,058	-	-	-	-	3,058
Trade Shows	661	-	-	-	661	-
Amortization of acquired below-market leases, net	342	(956)	(109)	2,063	2	(658)
Leasing activity (see page 42)	6,375	441	3,600	1,676	1,189	(531)
	<u>8,234</u>	<u>(2,434)</u>	<u>(2,961)</u>	<u>8,359</u>	<u>1,852</u>	<u>3,418</u>
Tenant expense reimbursements:						
Acquisitions/development, sale of partial interests and other	(1,575)	-	(3,588)	2,013	-	-
Operations	(2,520)	(948)	(22)	(728)	(85)	(737)
	<u>(4,095)</u>	<u>(948)</u>	<u>(3,610)</u>	<u>1,285</u>	<u>(85)</u>	<u>(737)</u>
Cleveland Medical Mart development project						
	<u>32,369</u> ⁽¹⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,369</u> ⁽¹⁾	<u>-</u>
Fee and other income:						
BMS cleaning fees	1,941	3,040	-	-	-	(1,099) ⁽²⁾
Management and leasing fees	3,609	719	1,690	1,022	181	(3)
Lease cancellation fee income	4,482	3,274	818	424	(34)	-
Other	(378)	590	256	687	(902)	(1,009)
	<u>9,654</u>	<u>7,623</u>	<u>2,764</u>	<u>2,133</u>	<u>(755)</u>	<u>(2,111)</u>
Total increase (decrease) in revenues	<u>\$ 46,162</u>	<u>\$ 4,241</u>	<u>\$ (3,807)</u>	<u>\$ 11,777</u>	<u>\$ 33,381</u>	<u>\$ 570</u>

(1) \$29,940 is offset by development costs expensed in the quarter. See note (3) on page 49.

(2) Primarily from the elimination of intercompany fees from operating segments upon consolidation. See note (1) on page 49.

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

Expenses

Our expenses, which consist primarily of operating, depreciation and amortization and general and administrative expenses, were \$487,138,000 for the three months ended June 30, 2011, compared to \$446,592,000 in the prior year's quarter, an increase of \$40,546,000, of which \$29,940,000 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:	<u>Total</u>	<u>New York Office</u>	<u>Washington, DC Office</u>	<u>Retail</u>	<u>Merchandise Mart</u>	<u>Other</u>
Operating:						
Acquisitions, sale of partial interests and other	\$ (1,790)	\$ -	\$ (4,769)	\$ 2,979	\$ -	\$ -
Development/redevelopment	35	-	(164)	199	-	-
Non-reimbursable expenses, including						
bad debt reserves	1,527	663	1,529	(3,010)	2,345	-
Hotel Pennsylvania	917	-	-	-	-	917
Trade Shows	1,040	-	-	-	1,040	-
BMS expenses	2,717	2,717	-	-	-	-
Operations	6,861	1,786	3,139	1,378	749	(191)
	<u>11,307</u>	<u>5,166</u>	<u>(265)</u>	<u>1,546</u>	<u>4,134</u>	<u>726</u>
Depreciation and amortization:						
Acquisitions/development, sale of partial interests and other	(1,782)	-	(2,990)	1,208	-	-
Operations	403	1,583	1,037	(986)	(274)	(957)
	<u>(1,379)</u>	<u>1,583</u>	<u>(1,953)</u>	<u>222</u>	<u>(274)</u>	<u>(957)</u>
General and administrative:						
Mark-to-market of deferred compensation plan liability (2)	2,779	-	-	-	-	2,779
Real Estate Fund placement fees	(2,253)	-	-	-	-	(2,253)
Operations	185	(188)	260	484	(309)	(62)
	<u>711</u>	<u>(188)</u>	<u>260</u>	<u>484</u>	<u>(309)</u>	<u>464</u>
Cleveland Medical Mart development project	<u>29,940</u> (3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,940</u> (3)	<u>-</u>
Acquisition and other costs	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33)</u>
Total increase (decrease) in expenses	<u>\$ 40,546</u>	<u>\$ 6,561</u>	<u>\$ (1,958)</u>	<u>\$ 2,252</u>	<u>\$ 33,491</u>	<u>\$ 200</u>

(1) Primarily from the elimination of intercompany fees from operating segments upon consolidation. See note (2) on page 48.

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

(3) This expense is entirely offset by development revenue in the quarter. See note (1) on page 48.

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

Loss Applicable to Toys

In the three months ended June 30, 2011, we recognized net loss of \$22,846,000 from our investment in Toys, comprised of \$25,048,000 for our 32.7% share of Toys' net loss (\$49,017,000 before our share of Toys' income tax benefit) and \$2,202,000 of interest and other income.

In the three months ended June 30, 2010, we recognized net loss of \$21,004,000 from our investment in Toys, comprised of \$23,191,000 for our 32.7% share of Toys' net loss (\$47,314,000 before our share of Toys' income tax benefit) and \$2,187,000 of interest and other income.

Income from Partially Owned Entities

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

(Amounts in thousands)	For the Three Months Ended	
	June 30,	
	2011	2010
Equity in Net Income (Loss):		
Alexander's - 32.4% share of equity in net income	\$ 8,638	\$ 7,066
Lexington - 11.7% share in 2011 and 13.8% share in 2010 of equity in net income (loss) ⁽¹⁾	8,654	(428)
LNR - 26.2% share of equity in net income (acquired in July 2010) ⁽²⁾	11,003	-
India real estate ventures - 4% to 36.5% range in our share of equity in net income	205	606
Partially owned office buildings	(2,366)	1,023
Other equity method investments ⁽³⁾	269	(3,815)
	<u>\$ 26,403</u>	<u>\$ 4,452</u>

(1) The three months ended June 30, 2011 includes an \$8,308 net gain resulting from Lexington's stock issuances.

(2) Includes \$6,020 for our share of net gains from asset sales.

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

Income from Real Estate Fund

In the three months ended June 30, 2011, we recognized \$19,058,000 of income from the Fund, including \$12,872,000 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 \$19,058,000, \$12,102,000 is attributable to noncontrolling interests. Accordingly, our share of the Fund's income was \$6,956,000 and includes \$2,140,000 of accrued carried interest. In addition, we recognized \$865,000 of management and leasing fees which are included as a component of "fee and other income," and incurred \$403,000 of placement fees in connection with the February 2011 closing of the Fund, which is included in "general and administrative" expenses.

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

Interest and Other Investment 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 \$8,007,000 in the three months ended June 30, 2011, compared to \$3,876,000 in the prior year's quarter, an increase of \$4,131,000. This increase resulted from:

(Amounts in thousands)

Mezzanine loan loss accrual in 2010	\$	6,900
Loss from the mark-to-market of J.C. Penney derivative position		(6,762)
Increase in the value of investments in our deferred compensation plan (offset by a corresponding increase in the liability for plan assets in general and administrative expenses)		2,779
Other, net		1,214
	\$	<u>4,131</u>

Interest and Debt Expense

Interest and debt expense was \$137,202,000 in the three months ended June 30, 2011, compared to \$142,175,000 in the prior year's quarter, a decrease of \$4,973,000. This decrease was primarily due to savings of (i) \$7,001,000 from the repayment of the Springfield Mall mortgage at a discount in December 2010, (ii) \$4,630,000 from the deconsolidation of the Warner Building resulting from the sale of a 45% interest in October 2010, and (iii) \$3,288,000 applicable to the repurchase and retirement of our convertible senior debentures, partially offset by (iv) \$6,549,000 from the issuance of \$660,000,000 of cross-collateralized debt secured by 40 of our strip shopping centers, and (v) \$4,070,000 from the financing of 2121 Crystal Drive and Two Penn Plaza in the first quarter of 2011.

Net Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was \$4,382,000 in the three months ended June 30, 2010 and resulted primarily from the sale of marketable securities.

Income Tax Expense

Income tax expense was \$5,922,000 in the three months ended June 30, 2011, compared to \$4,964,000 in the prior year's quarter, an increase of \$958,000. This increase resulted primarily from higher taxable income of our taxable REIT subsidiaries.

Results of Operations – Three Months Ended June 30, 2011 Compared to June 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 June 30, 2011 and 2010, including the High Point Complex in North Carolina, which was disposed by the receiver on March 31, 2011.

(Amounts in thousands)	For the Three Months Ended	
	June 30,	
	2011	2010
Total revenues	\$ -	\$ 12,116
Total expenses	-	15,797
	-	(3,681)
Net gain on sale of real estate	458	-
Income (loss) from discontinued operations	\$ 458	\$ (3,681)

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was \$13,657,000 in the three months ended June 30, 2011, compared to \$981,000 in the prior year's quarter, an increase of \$12,676,000. This increase resulted primarily from \$12,102,000 of income allocated to the noncontrolling interests in 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 June 30, 2011 and 2010 is primarily comprised of allocations of income to redeemable noncontrolling interests of \$6,283,000 and \$4,451,000, respectively, and preferred unit distributions of the Operating Partnership of \$4,448,000 and \$4,491,000, respectively. The increase of \$1,832,000 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 \$16,668,000 for the three months ended June 30, 2011, compared to \$14,266,000 for the prior year's quarter, an increase of \$2,402,000. This increase resulted from the issuance of Series J preferred shares during the second quarter of 2011.

Results of Operations – Three Months Ended June 30, 2011 Compared to June 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 June 30, 2011, compared to the three months ended June 30, 2010.

(Amounts in thousands)	New York Office	Washington, DC Office	Retail	Merchandise Mart
EBITDA for the three months ended June 30, 2011	\$ 157,016	\$ 111,517	\$ 96,507	\$ 23,998
Add-back: non-property level overhead expenses included above	4,579	6,462	7,291	6,848
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(7,864)	(2,348)	(8,083)	(1,002)
GAAP basis same store EBITDA for the three months ended June 30, 2011	153,731	115,631	95,715	29,844
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(12,286)	1,095	(5,884)	(670)
Cash basis same store EBITDA for the three months ended June 30, 2011	\$ 141,445	\$ 116,726	\$ 89,831	\$ 29,174
EBITDA for the three months ended June 30, 2010	\$ 153,045	\$ 114,272	\$ 88,100	\$ 27,886
Add-back: non-property level overhead expenses included above	4,767	6,202	6,807	7,157
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(2,103)	(5,187)	(3,366)	(4,595)
GAAP basis same store EBITDA for the three months ended June 30, 2010	155,709	115,287	91,541	30,448
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(14,578)	(586)	(10,097)	(740)
Cash basis same store EBITDA for the three months ended June 30, 2010	\$ 141,131	\$ 114,701	\$ 81,444	\$ 29,708
(Decrease) increase in GAAP basis same store EBITDA for the three months ended June 30, 2011 over the three months ended June 30, 2010	\$ (1,978)	\$ 344	\$ 4,174	\$ (604)
Increase (decrease) in Cash basis same store EBITDA for the three months ended June 30, 2011 over the three months ended June 30, 2010	\$ 314	\$ 2,025	\$ 8,387	\$ (534)
% (decrease) increase in GAAP basis same store EBITDA	(1.3%)	0.3%	4.6%	(2.0%)
% increase (decrease) in Cash basis same store EBITDA	0.2%	1.8%	10.3%	(1.8%)

Net Income and EBITDA by Segment for the Six Months Ended June 30, 2011 and 2010

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

(Amounts in thousands)

For the Six Months Ended June 30, 2011

	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other ⁽³⁾
Property rentals	\$ 1,088,957	\$ 391,377	\$ 280,654	\$ 214,109	\$ 118,928	\$ -	\$ 83,889
Straight-line rent adjustments	22,278	11,760	(711)	7,911	1,443	-	1,875
Amortization of acquired below-market leases, net	33,571	16,355	978	13,956	34	-	2,248
Total rentals	1,144,806	419,492	280,921	235,976	120,405	-	88,012
Tenant expense reimbursements	173,284	65,359	18,233	75,967	7,767	-	5,958
Cleveland Medical Mart development project	73,068	-	-	-	73,068	-	-
Fee and other income:							
Tenant cleaning fees	30,832	47,109	-	-	-	-	(16,277)
Management and leasing fees	11,095	3,607	6,959	1,898	303	-	(1,672)
Lease termination fees	8,499	5,636	2,011	852	-	-	-
Other	25,678	9,866	10,662	3,099	1,878	-	173
Total revenues	1,467,262	551,069	318,786	317,792	203,421	-	76,194
Operating expenses	563,925	238,130	98,584	117,874	74,807	-	34,530
Depreciation and amortization	264,125	92,000	67,749	56,291	22,175	-	25,910
General and administrative	109,254	9,943	12,999	15,313	14,446	-	56,553
Cleveland Medical Mart development project	68,218	-	-	-	68,218	-	-
Acquisition and other costs	20,167	-	-	15,000	3,040	-	2,127
Total expenses	1,025,689	340,073	179,332	204,478	182,686	-	119,120
Operating income (loss)	441,573	210,996	139,454	113,314	20,735	-	(42,926)
Income applicable to Toys	90,098	-	-	-	-	90,098	-
Income (loss) from partially owned entities	42,687	243	(4,682)	1,242	254	-	45,630
Income from Real Estate Fund	20,138	-	-	-	-	-	20,138
Interest and other investment income, net	125,115	320	80	2	18	-	124,695
Interest and debt expense	(271,967)	(68,119)	(59,655)	(46,413)	(18,775)	-	(79,005)
Net gain on disposition of wholly owned and partially owned assets	6,677	-	-	-	-	-	6,677
Income before income taxes	454,321	143,440	75,197	68,145	2,232	90,098	75,209
Income tax expense	(12,304)	(959)	(1,307)	(5)	(1,321)	-	(8,712)
Income from continuing operations	442,017	142,481	73,890	68,140	911	90,098	66,497
Income from discontinued operations	134,773	-	46,466	5,761	82,546	-	-
Net income	576,790	142,481	120,356	73,901	83,457	90,098	66,497
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(15,007)	(4,596)	-	86	-	-	(10,497)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(40,539)	-	-	-	-	-	(40,539)
Net income attributable to Vornado	521,244	137,885	120,356	73,987	83,457	90,098	15,461
Interest and debt expense ⁽²⁾	401,804	68,947	66,314	48,632	22,502	83,528	111,881
Depreciation and amortization ⁽²⁾	368,344	92,714	80,205	57,376	22,402	67,569	48,078
Income tax expense ⁽²⁾	49,485	959	1,455	5	1,321	45,049	696
EBITDA ⁽¹⁾	\$ 1,340,877	\$ 300,505	\$ 268,330	\$ 180,000	\$ 129,682	\$ 286,244	\$ 176,116

See notes on page 56.

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

(Amounts in thousands)

	For the Six Months Ended June 30, 2010						
	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Toys	Other ⁽³⁾
Property rentals	\$ 1,048,199	\$ 387,852	\$ 279,778	\$ 191,442	\$ 112,098	\$ -	\$ 77,029
Straight-line rent adjustments	37,615	15,049	5,172	14,119	1,827	-	1,448
Amortization of acquired below-market leases, net	32,055	18,339	1,242	9,449	(106)	-	3,131
Total rentals	1,117,869	421,240	286,192	215,010	113,819	-	81,608
Tenant expense reimbursements	178,350	65,683	27,463	72,946	7,806	-	4,452
Fee and other income:							
Tenant cleaning fees	27,120	41,057	-	-	-	-	(13,937)
Management and leasing fees	12,520	2,850	10,480	545	33	-	(1,388)
Lease termination fees	7,811	3,025	528	3,836	422	-	-
Other	25,633	8,923	10,898	1,745	2,706	-	1,361
Total revenues	1,369,303	542,778	335,561	294,082	124,786	-	72,096
Operating expenses	536,538	226,104	104,770	108,775	65,937	-	30,952
Depreciation and amortization	267,070	87,978	72,230	55,325	23,366	-	28,171
General and administrative	98,170	9,346	12,095	13,748	14,355	-	48,626
Acquisition and other costs	1,930	-	-	-	-	-	1,930
Total expenses	903,708	323,428	189,095	177,848	103,658	-	109,679
Operating income (loss)	465,595	219,350	146,466	116,234	21,128	-	(37,583)
Income applicable to Toys	104,866	-	-	-	-	104,866	-
Income (loss) from partially owned entities	15,796	2,640	(4)	2,520	231	-	10,409
Interest and other investment income, net	18,580	327	49	189	24	-	17,991
Interest and debt expense	(277,902)	(65,733)	(68,225)	(37,957)	(18,827)	-	(87,160)
Net (loss) on extinguishment of debt	(1,072)	-	-	-	-	-	(1,072)
Net gain on disposition of wholly owned and partially owned assets	7,687	-	-	-	765	-	6,922
Income (loss) before income taxes	333,550	156,584	78,286	80,986	3,321	104,866	(90,493)
Income tax expense	(10,544)	(809)	(91)	(35)	(596)	-	(9,013)
Income (loss) from continuing operations	323,006	155,775	78,195	80,951	2,725	104,866	(99,506)
(Loss) from discontinued operations	(13,251)	-	(7,186)	(535)	(5,530)	-	-
Net income (loss)	309,755	155,775	71,009	80,416	(2,805)	104,866	(99,506)
Less:							
Net (income) loss attributable to noncontrolling interests in consolidated subsidiaries	(1,194)	(4,848)	-	498	-	-	3,156
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(21,903)	-	-	-	-	-	(21,903)
Net income (loss) attributable to Vornado	286,658	150,927	71,009	80,914	(2,805)	104,866	(118,253)
Interest and debt expense ⁽²⁾	403,699	62,587	70,114	41,880	29,487	83,233	116,398
Depreciation and amortization ⁽²⁾	370,252	84,810	79,535	57,311	26,267	69,771	52,558
Income tax expense ⁽²⁾	36,566	809	107	35	655	25,587	9,373
EBITDA ⁽¹⁾	\$ 1,097,175	\$ 299,133	\$ 220,765	\$ 180,140	\$ 53,604	\$ 283,457	\$ 60,076

See notes on the following page.

Net Income and EBITDA by Segment for the Six Months Ended June 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 Six Months	
	Ended June 30,	
	2011	2010
Our share of Real Estate Fund:		
Operations	\$ 1,807	\$ -
Net unrealized gains	3,392	-
Net realized gains	771	-
Carried interest	2,140	-
Total	8,110	-
Alexander's	30,989	28,659
Lexington ⁽¹⁾	29,306	29,283
LNR (acquired in July 2010) ⁽²⁾	22,800	-
555 California Street	21,388	22,624
Hotel Pennsylvania	8,609	6,169
Other investments	19,936	18,615
	141,138	105,350
Corporate general and administrative expenses ⁽³⁾	(41,379)	(39,956)
Investment income and other, net ⁽³⁾	26,330	26,068
Mezzanine loans loss (accrual) reversal and net gain on disposition	82,744	(6,900)
Income from the mark-to-market of J.C. Penney derivative position	10,401	-
Net gain on sale of condominiums	4,586	3,149
Acquisition costs	(3,714)	(1,930)
Real Estate Fund placement fees	(3,451)	(2,730)
Net loss on extinguishment of debt	-	(1,072)
Net income attributable to noncontrolling interests in the Operating Partnership, including unit distributions	(40,539)	(21,903)
	<u>\$ 176,116</u>	<u>\$ 60,076</u>

- (1) Includes net gains of \$9,760 and \$5,998 in the six months ended June 30, 2011 and 2010, respectively, resulting from Lexington's stock issuances.
- (2) The six months ended June 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.
- (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 Six Months Ended June 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.

Region:	For the Six Months Ended June 30,	
	2011	2010
New York City metropolitan area	60%	60%
Washington, DC / Northern Virginia metropolitan area	30%	31%
California	2%	2%
Chicago	5%	5%
Puerto Rico	1%	1%
Other geographies	2%	1%
	<u>100%</u>	<u>100%</u>

Results of Operations – Six Months Ended June 30, 2011 Compared to June 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 \$1,467,262,000 for the six months ended June 30, 2011, compared to \$1,369,303,000 in the prior year's six months, an increase of \$97,959,000, of which \$73,068,000 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:	<u>Total</u>	<u>New York Office</u>	<u>Washington, DC Office</u>	<u>Retail</u>	<u>Merchandise Mart</u>	<u>Other</u>
Property rentals:						
Acquisitions, sale of partial interests and other	\$ (6,592)	\$ (1,919)	\$ (16,794)	\$ 9,135	\$ -	\$ 2,986
Development	4,780	-	4,501	279	-	-
Hotel Pennsylvania	5,072	-	-	-	-	5,072
Trade Shows	2,975	-	-	-	2,975	-
Amortization of acquired below-market leases, net	1,516	(1,984)	(264)	4,507	140	(883)
Leasing activity (see page 42)	19,186	2,155	7,286	7,045	3,471	(771)
	<u>26,937</u>	<u>(1,748)</u>	<u>(5,271)</u>	<u>20,966</u>	<u>6,586</u>	<u>6,404</u>
Tenant expense reimbursements:						
Acquisitions/development, sale of partial interests and other	(3,792)	-	(7,409)	930	-	2,687
Operations	(1,274)	(324)	(1,821)	2,091	(39)	(1,181)
	<u>(5,066)</u>	<u>(324)</u>	<u>(9,230)</u>	<u>3,021</u>	<u>(39)</u>	<u>1,506</u>
Cleveland Medical Mart development project						
	<u>73,068</u> ⁽¹⁾	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,068</u> ⁽¹⁾	<u>-</u>
Fee and other income:						
BMS cleaning fees	3,712	6,052	-	-	-	(2,340) ⁽²⁾
Management and leasing fees	(1,425)	757	(3,521) ⁽³⁾	1,353	270	(284)
Lease cancellation fee income	688	2,611	1,483	(2,984)	(422)	-
Other	45	943	(236)	1,354	(828)	(1,188)
	<u>3,020</u>	<u>10,363</u>	<u>(2,274)</u>	<u>(277)</u>	<u>(980)</u>	<u>(3,812)</u>
Total increase (decrease) in revenues	<u>\$ 97,959</u>	<u>\$ 8,291</u>	<u>\$ (16,775)</u>	<u>\$ 23,710</u>	<u>\$ 78,635</u>	<u>\$ 4,098</u>

(1) \$68,218 is offset by development costs expensed in the period. See note (4) on page 59.

(2) Primarily from the elimination of intercompany fees from operating segments upon consolidation. See note (1) on page 59.

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

Results of Operations – Six Months Ended June 30, 2011 Compared to June 30, 2010 - continued

Expenses

Our expenses, which consist primarily of operating, depreciation and amortization and general and administrative expenses, were \$1,025,689,000 for the six months ended June 30, 2011, compared to \$903,708,000 in the prior year's six months, an increase of \$121,981,000, of which \$68,218,000 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:	<u>Total</u>	<u>New York Office</u>	<u>Washington, DC Office</u>	<u>Retail</u>	<u>Merchandise Mart</u>	<u>Other</u>
Operating:						
Acquisitions, sale of partial interests and other	\$ (221)	\$ -	\$ (9,565)	\$ 6,657	\$ -	\$ 2,687
Development/redevelopment	543	-	(175)	718	-	-
Non-reimbursable expenses, including						
bad debt reserves	4,673	854	1,276	(2,297)	4,840	-
Hotel Pennsylvania	2,479	-	-	-	-	2,479
Trade Shows	2,002	-	-	-	2,002	-
BMS expenses	5,437	5,437	-	-	-	-
Operations	12,474	5,735	2,278	4,021	2,028	(1,588) (1)
	<u>27,387</u>	<u>12,026</u>	<u>(6,186)</u>	<u>9,099</u>	<u>8,870</u>	<u>3,578</u>
Depreciation and amortization:						
Acquisitions/development, sale of partial interests and other	(4,809)	-	(7,048)	2,239	-	-
Operations	1,864	4,022	2,567	(1,273)	(1,191)	(2,261)
	<u>(2,945)</u>	<u>4,022</u>	<u>(4,481)</u>	<u>966</u>	<u>(1,191)</u>	<u>(2,261)</u>
General and administrative:						
Mark-to-market of deferred compensation plan liability (2)	4,968	-	-	-	-	4,968
Real Estate Fund placement fees	721	-	-	-	-	721
Operations	5,395	597	904	1,565	91	2,238 (3)
	<u>11,084</u>	<u>597</u>	<u>904</u>	<u>1,565</u>	<u>91</u>	<u>7,927</u>
Cleveland Medical Mart development project	<u>68,218 (4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,218 (4)</u>	<u>-</u>
Acquisition and other costs	<u>18,237</u>	<u>-</u>	<u>-</u>	<u>15,000 (5)</u>	<u>3,040</u>	<u>197</u>
Total increase (decrease) in expenses	<u>\$ 121,981</u>	<u>\$ 16,645</u>	<u>\$ (9,763)</u>	<u>\$ 26,630</u>	<u>\$ 79,028</u>	<u>\$ 9,441</u>

(1) Primarily from the elimination of intercompany fees from operating segments upon consolidation. See note (2) on page 58.

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

(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 58.

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

Results of Operations – Six Months Ended June 30, 2011 Compared to June 30, 2010 - continued

Income Applicable to Toys

In the six months ended June 30, 2011, we recognized net income of \$90,098,000 from our investment in Toys, comprised of \$85,773,000 for our 32.7% share of Toys' net income (\$130,822,000 before our share of Toys' income tax expense) and \$4,325,000 of interest and other income.

In the six months ended June 30, 2010, we recognized net income of \$104,866,000 from our investment in Toys, comprised of \$100,649,000 for our 32.7% share of Toys' net income (\$126,236,000 before our share of Toys' income tax expense) and \$4,217,000 of interest and other income.

Income from Partially Owned Entities

Summarized below are the components of income from partially owned entities for the six months ended June 30, 2011 and 2010.

(Amounts in thousands)	For the Six Months Ended	
	June 30,	
	2011	2010
Equity in Net Income (Loss):		
Alexander's - 32.4% share of equity in net income	\$ 16,649	\$ 13,526
Lexington - 11.7% share in 2011 and 13.8% share in 2010 of equity in net income ⁽¹⁾	10,826	5,617
LNR - 26.2% share of equity in net income (acquired in July 2010) ⁽²⁾	26,257	-
India real estate ventures - 4% to 36.5% range in our share of equity in net (loss) income	(2)	2,257
Partially owned office buildings ⁽³⁾	(6,990)	1,778
Other equity method investments ⁽⁴⁾	(4,053)	(7,382)
	<u>\$ 42,687</u>	<u>\$ 15,796</u>

(1) The six months ended June 30, 2011 and 2010 includes \$9,760 and \$5,998, respectively, of net gains resulting from Lexington's stock issuances.

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

(3) The six months ended June 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 of Verde Realty Operating Partnership, 85 10th Avenue Associates and others.

Income from Real Estate Fund

In the six months ended June 30, 2011, we recognized \$20,138,000 of income from the Fund, including \$13,570,000 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 \$20,138,000, \$12,028,000 is attributable to noncontrolling interests. Accordingly, our share of the Fund's income was \$8,110,000 and includes \$2,140,000 of accrued carried interest. In addition, we recognized \$1,165,000 of management and leasing 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.

Results of Operations – Six Months Ended June 30, 2011 Compared to June 30, 2010 - continued

Interest and Other Investment 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 \$125,115,000 in the six months ended June 30, 2011, compared to \$18,580,000 in the prior year's six months, an increase of \$106,535,000. 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
Income from the mark-to-market of J.C. Penney derivative position	10,401
Increase in the value of investments in our deferred compensation plan (offset by a corresponding increase in the liability for plan assets in general and administrative expenses)	4,968
Other, net	1,522
	<u>\$ 106,535</u>

Interest and Debt Expense

Interest and debt expense was \$271,967,000 in the six months ended June 30, 2011, compared to \$277,902,000 in the prior year's six months, a decrease of \$5,935,000. This decrease was primarily due to savings of (i) \$10,951,000 from the repayment of the Springfield Mall mortgage at a discount in December 2010, (ii) \$9,209,000 from the deconsolidation of the Warner Building resulting from the sale of a 45% interest in October 2010, and (iii) \$6,734,000 applicable to the repurchase and retirement of our convertible senior debentures, partially offset by (iv) \$13,194,000 from the issuance of \$660,000,000 of cross-collateralized debt secured by 40 of our strip shopping centers, (v) \$5,630,000 from the financing of 2121 Crystal Drive and Two Penn Plaza in the first quarter of 2011, and (vi) \$2,532,000 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 Gain on Disposition of Wholly Owned and Partially Owned Assets

Net gain on disposition of wholly owned and partially owned assets was \$6,677,000 in the six months ended June 30, 2011, compared to \$7,687,000 in the prior year's six months and resulted primarily from the sale of residential condominiums and marketable securities.

Income Tax Expense

Income tax expense was \$12,304,000 in the six months ended June 30, 2011, compared to \$10,544,000 in the prior year's six months, an increase of \$1,760,000. This increase resulted primarily from higher taxable income of our taxable REIT subsidiaries.

Results of Operations – Six Months Ended June 30, 2011 Compared to June 30, 2010 - continued

Income (Loss) from Discontinued Operations

The table below sets forth the combined results of assets related to discontinued operations for the six months ended June 30, 2011 and 2010, including the High Point Complex in North Carolina, which was disposed by the receiver on March 31, 2011.

(Amounts in thousands)	For the Six Months Ended	
	June 30,	
	2011	2010
Total revenues	\$ 5,987	\$ 23,137
Total expenses	6,744	26,332
	(757)	(3,195)
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	-	(10,056)
Income (loss) from discontinued operations	\$ 134,773	\$ (13,251)

Net Income Attributable to Noncontrolling Interests in Consolidated Subsidiaries

Net income attributable to noncontrolling interests in consolidated subsidiaries was \$15,007,000 in the six months ended June 30, 2011, compared to \$1,194,000 in the prior year's six months, an increase of \$13,813,000. This increase resulted primarily from \$12,028,000 of income allocated to the noncontrolling interests in 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 six months ended June 30, 2011 and 2010 is primarily comprised of allocations of income to redeemable noncontrolling interests of \$33,588,000 and \$19,666,000, respectively, and preferred unit distributions of the Operating Partnership of \$8,951,000 and \$9,209,000, respectively. The increase of \$13,922,000 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 \$30,116,000 for the six months ended June 30, 2011, compared to \$28,533,000 for the prior year's six months, an increase of \$1,583,000. This increase resulted from the issuance of Series J preferred shares during the second quarter of 2011, partially offset by the redemption of Series D-10 preferred shares in September 2010.

Results of Operations – Six Months Ended June 30, 2011 Compared to June 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 six months ended June 30, 2011, compared to the six months ended June 30, 2010.

(Amounts in thousands)	New York Office	Washington, DC Office	Retail	Merchandise Mart
EBITDA for the six months ended June 30, 2011	\$ 300,505	\$ 268,330	\$ 180,000	\$ 129,682
Add-back: non-property level overhead expenses included above	9,943	12,999	15,313	14,446
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(9,188)	(49,530)	(2,101)	(82,598)
GAAP basis same store EBITDA for the six months ended June 30, 2011	301,260	231,799	193,212	61,530
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(26,325)	1,566	(12,718)	(1,477)
Cash basis same store EBITDA for the six months ended June 30, 2011	\$ 274,935	\$ 233,365	\$ 180,494	\$ 60,053
EBITDA for the six months ended June 30, 2010	\$ 299,133	\$ 220,765	\$ 180,140	\$ 53,604
Add-back: non-property level overhead expenses included above	9,346	12,095	13,748	14,355
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(2,727)	(7,468)	(8,482)	(8,535)
GAAP basis same store EBITDA for the six months ended June 30, 2010	305,752	225,392	185,406	59,424
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(30,186)	(5,497)	(19,126)	(1,721)
Cash basis same store EBITDA for the six months ended June 30, 2010	\$ 275,566	\$ 219,895	\$ 166,280	\$ 57,703
(Decrease) increase in GAAP basis same store EBITDA for the six months ended June 30, 2011 over the six months ended June 30, 2010	\$ (4,492)	\$ 6,407	\$ 7,806	\$ 2,106
(Decrease) increase in Cash basis same store EBITDA for the six months ended June 30, 2011 over the six months ended June 30, 2010	\$ (631)	\$ 13,470	\$ 14,214	\$ 2,350
%(decrease) increase in GAAP basis same store EBITDA	(1.5%)	2.8%	4.2%	3.5%
%(decrease) increase in Cash basis same store EBITDA	(0.2%)	6.1%	8.5%	4.1%

SUPPLEMENTAL INFORMATION

Three Months Ended June 30, 2011 vs. Three Months Ended March 31, 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 June 30, 2011, compared to the three months ended March 31, 2011.

(Amounts in thousands)	<u>New York Office</u>	<u>Washington, DC Office</u>	<u>Retail</u>	<u>Merchandise Mart</u>
EBITDA for the three months ended June 30, 2011	\$ 157,016	\$ 111,517	\$ 96,507	\$ 23,998
Add-back: non-property level overhead expenses included above	4,579	6,462	7,291	6,848
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(7,864)	(2,269)	(4,965)	-
GAAP basis same store EBITDA for the three months ended June 30, 2011	153,731	115,710	98,833	30,846
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(12,286)	1,103	(8,125)	(670)
Cash basis same store EBITDA for the three months ended June 30, 2011	\$ 141,445	\$ 116,813	\$ 90,708	\$ 30,176
EBITDA for the three months ended March 31, 2011 ⁽¹⁾	\$ 143,489	\$ 156,813	\$ 83,493	\$ 105,684
Add-back: non-property level overhead expenses included above	5,364	6,537	8,022	7,598
Less: EBITDA from acquisitions, dispositions and other non-operating income or expenses	(1,070)	(47,262)	7,254	(82,919)
GAAP basis same store EBITDA for the three months ended March 31, 2011	147,783	116,088	98,769	30,363
Less: Adjustments for straight-line rents, amortization of below-market leases, net, and other non-cash adjustments	(14,038)	335	(8,983)	(807)
Cash basis same store EBITDA for the three months ended March 31, 2011	\$ 133,745	\$ 116,423	\$ 89,786	\$ 29,556
Increase (decrease) in GAAP basis same store EBITDA for the three months ended June 30, 2011 over the three months ended March 31, 2011	\$ 5,948	\$ (378)	\$ 64	\$ 483
Increase in Cash basis same store EBITDA for the three months ended June 30, 2011 over the three months ended March 31, 2011	\$ 7,700	\$ 390	\$ 922	\$ 620
% increase (decrease) in GAAP basis same store EBITDA	4.0%	(0.3%)	0.1%	1.6%
% increase in Cash basis same store EBITDA	5.8%	0.3%	1.0%	2.1%

(1) Below is the reconciliation of net income to EBITDA for the three months ended March 31, 2011

(Amounts in thousands)	<u>New York Office</u>	<u>Washington, DC Office</u>	<u>Retail</u>	<u>Merchandise Mart</u>
Net income attributable to Vornado for the three months ended March 31, 2011	\$ 65,883	\$ 81,845	\$ 30,348	\$ 81,192
Interest and debt expense	31,994	32,221	24,164	12,907
Depreciation and amortization	45,093	41,899	28,976	11,175
Income tax expense	519	848	5	410
EBITDA for the three months ended March 31, 2011	\$ 143,489	\$ 156,813	\$ 83,493	\$ 105,684

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 Six Months Ended June 30, 2011

Our cash and cash equivalents were \$591,515,000 at June 30, 2011, a \$99,274,000 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 \$10,540,048,000 at June 30, 2011, a \$353,591,000 decrease over the balance at December 31, 2010. As of June 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 \$1,234,960,000 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 \$3,136,515,000 of available capacity (comprised of \$591,515,000 of cash and cash equivalents and \$2,545,000,000 of availability under our revolving credit facilities).

Cash flows provided by operating activities of \$260,040,000 was comprised of (i) net income of \$576,790,000 and (ii) distributions of income from partially owned entities of \$43,741,000, partially offset by (iii) \$148,548,000 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 \$211,943,000, including \$97,802,000 related to Real Estate Fund investments.

Net cash provided by investing activities of \$23,257,000 was comprised of (i) \$271,375,000 of capital distributions from partially owned entities, (ii) \$130,789,000 of proceeds from sales of real estate and related investments, (iii) \$99,990,000 of proceeds from sales and repayments of mezzanine loans (iv) changes in restricted cash of \$91,127,000 and (v) \$19,301,000 of proceeds from sales of, and return of investments in, marketable securities, partially offset by (vi) \$426,376,000 of investments in partially owned entities, (vii) \$86,944,000 of additions to real estate, (viii) \$43,516,000 of investments in mezzanine loans receivable and other and (ix) \$32,489,000 of development costs and construction in progress.

Net cash used in financing activities of \$382,571,000 was comprised of (i) \$1,636,817,000 for the repayments of borrowings, (ii) \$254,099,000 of dividends paid on common shares, (iii) \$62,111,000 of distributions to noncontrolling interests, (iv) \$27,117,000 of dividends paid on preferred shares, (v) \$23,319,000 of debt issuance and other costs and (vi) \$8,000,000 for the purchase of outstanding preferred units and (vii) \$748,000 for the repurchase of shares related to stock compensation agreements and related tax holdings, partially offset by (viii) \$1,284,167,000 of proceeds from borrowings, (ix) \$214,538,000 of proceeds from the issuance of Series J preferred shares, (x) \$109,605,000 of contributions from noncontrolling interests and (xi) \$21,330,000 of proceeds received from exercise of employee share options.

LIQUIDITY AND CAPITAL RESOURCES – continued

Cash Flows for the Six Months Ended June 30, 2010

Our cash and cash equivalents were \$652,121,000 at June 30, 2010, a \$116,642,000 increase over the balance at December 31, 2009. This increase resulted from \$532,365,000 of net cash provided by operating activities and \$207,359,000 of net cash provided by investing activities, partially offset by \$623,082,000 of net cash used in financing activities.

Cash flows provided by operating activities of \$532,365,000 was comprised of (i) net income of \$309,755,000, (ii) \$115,978,000 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, (iii) distributions of income from partially owned entities of \$18,517,000 and (iv) the net change in operating assets and liabilities of \$88,115,000.

Net cash provided by investing activities of \$207,359,000 was comprised of (i) restricted cash of \$133,888,000, (ii) proceeds from sales of marketable securities of \$122,956,000, (iii) proceeds from sales and repayments of mezzanine loans receivable of \$105,061,000, (iv) proceeds from the sale of real estate and related investments of \$49,544,000, (v) proceeds from maturing short-term investments of \$40,000,000 and (vi) distributions of capital from partially owned entities of \$12,638,000, partially offset by (vii) additions to real estate of \$68,925,000, (viii) development and redevelopment expenditures of \$68,499,000, (ix) investments in mezzanine loans receivable and other of \$48,339,000, (x) investments in partially owned entities of \$41,920,000, (xi) acquisitions of real estate and other of \$15,128,000, and (xii) purchases of marketable securities of \$13,917,000.

Net cash used in financing activities of \$623,082,000 was comprised of (i) repayments of borrowings, including the purchase of our senior unsecured notes, of \$1,197,525,000, (ii) dividends paid on common shares of \$236,279,000, (iii) dividends paid on preferred shares of \$28,533,000, (iv) distributions to noncontrolling interests of \$27,665,000, (v) repurchase of shares related to stock compensation arrangements and related tax withholdings of \$25,223,000, (vi) purchases of outstanding preferred units of \$13,000,000 and (vii) debt issuance costs of \$5,724,000, partially offset by (viii) proceeds from borrowings of \$901,040,000.

LIQUIDITY AND CAPITAL RESOURCES - continued
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 six months ended June 30, 2011.

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Expenditures to maintain assets	\$ 20,864	\$ 7,803	\$ 4,124	\$ 2,984	\$ 4,326	\$ 1,627
Tenant improvements	38,972	21,584	12,608	2,319	2,139	322
Leasing commissions	10,142	6,854	2,177	916	72	123
Non-recurring capital expenditures	14,945	11,031	-	1,967	-	1,947
Total capital expenditures and leasing commissions (accrual basis)	84,923	47,272	18,909	8,186	6,537	4,019
Adjustments to reconcile to cash basis:						
Expenditures in the current year applicable to prior periods	62,082	20,109	9,028	12,907	19,210	828
Expenditures to be made in future periods for the current period	(49,923)	(29,135)	(13,547)	(5,194)	(2,047)	-
Total capital expenditures and leasing commissions (cash basis)	\$ 97,082	\$ 38,246	\$ 14,390	\$ 15,899	\$ 23,700	\$ 4,847
Tenant improvements and leasing commissions:						
Per square foot per annum	\$ 3.31	\$ 5.16	\$ 3.96	\$ 0.93	\$ 1.47	\$ -
Percentage of initial rent	8.0%	8.5%	10.1%	3.8%	4.3%	-

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 six months ended June 30, 2011.

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Bergen Town Center	\$ 10,105	\$ -	\$ -	\$ 10,105	\$ -	\$ -
Green Acres Mall	3,539	-	-	3,539	-	-
West End 25	1,841	-	1,841	-	-	-
North Bergen, New Jersey	1,494	-	-	1,494	-	-
510 Fifth Avenue	1,492	-	-	1,492	-	-
Crystal City Hotel	1,207	-	1,207	-	-	-
Crystal Square	1,046	-	1,046	-	-	-
Crystal Plaza 5	1,013	-	1,013	-	-	-
Poughkeepsie, New York	796	-	-	796	-	-
Other	9,956	2,055	3,559	2,164	310	1,868
	\$ 32,489	\$ 2,055	\$ 8,666	\$ 19,590	\$ 310	\$ 1,868

As of June 30, 2011, the estimated costs to complete the above projects are approximately \$29,700,000. 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 this project will commence, or, if commenced, be completed on schedule or within budget.

LIQUIDITY AND CAPITAL RESOURCES - continued

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 six months ended June 30, 2010.

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Expenditures to maintain assets	\$ 20,389	\$ 10,237	\$ 3,161	\$ 1,539	\$ 2,721	\$ 2,731
Tenant improvements	70,845	25,300	6,127	7,045	27,550	4,823
Leasing commissions	15,516	6,781	2,283	1,416	3,804	1,232
Non-recurring capital expenditures	3,985	-	-	898	-	3,087
Total capital expenditures and leasing commissions (accrual basis)	110,735	42,318	11,571	10,898	34,075	11,873
Adjustments to reconcile to cash basis:						
Expenditures in the current year applicable to prior periods	47,536	26,786	7,803	6,772	2,777	3,398
Expenditures to be made in future periods for the current period	(73,756)	(22,985)	(7,149)	(9,278)	(28,644)	(5,700)
Total capital expenditures and leasing commissions (cash basis)	\$ 84,515	\$ 46,119	\$ 12,225	\$ 8,392	\$ 8,208	\$ 9,571
<i>Tenant improvements and leasing commissions:</i>						
<i>Per square foot per annum</i>	\$ 3.93	\$ 7.17	\$ 3.03	\$ 1.59	\$ 4.19	\$ -
<i>Percentage of initial rent</i>	12.5%	15.2%	7.9%	7.5%	17.0%	-

Development and Redevelopment Expenditures

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

(Amounts in thousands)	Total	New York Office	Washington, DC Office	Retail	Merchandise Mart	Other
Residential condominiums	\$ 10,275	\$ -	\$ -	\$ -	\$ -	\$ 10,275
West End 25	7,639	-	7,639	-	-	-
1540 Broadway	6,182	-	-	6,182	-	-
Green Acres Mall	6,085	-	-	6,085	-	-
Bergen Town Center	5,976	-	-	5,976	-	-
220 20th Street	3,794	-	3,794	-	-	-
Beverly Connection	3,184	-	-	3,184	-	-
North Bergen, New Jersey	3,078	-	-	3,078	-	-
Garfield, New Jersey	1,288	-	-	1,288	-	-
Poughkeepsie, New York	953	-	-	953	-	-
Other	20,045	3,742	7,758	2,999	824	4,722
	\$ 68,499	\$ 3,742	\$ 19,191	\$ 29,745	\$ 824	\$ 14,997

LIQUIDITY AND CAPITAL RESOURCES – continued

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 \$150,000,000 per occurrence, subject to a deductible in the amount of 5% of the value of the affected property, up to a \$150,000,000 annual aggregate.

Penn Plaza Insurance Company, LLC (“PPIC”), our wholly owned consolidated subsidiary, acts as a re-insurer with respect to 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. Our 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 June 30, 2011, the aggregate dollar amount of these guarantees and master leases is approximately \$168,124,000.

At June 30, 2011, \$21,534,000 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.

We are committed to fund additional capital to certain of our partially owned entities aggregating approximately \$189,300,000, of which \$135,969,000 is committed to our Real Estate Fund. In addition, we have agreed in principle to contribute up to \$52,000,000 to a new investment management fund which will be managed by LNR.

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.

LIQUIDITY AND CAPITAL RESOURCES - continued

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 June 30, 2011, we have a \$39,483,000 receivable from Stop and Shop, of which \$21,855,000 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 \$39,483,000.

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 16 – *Income per Share*, in the notes to our consolidated financial statements on page 27 of this Quarterly Report on Form 10-Q.

FFO for the Three and Six Months Ended June 30, 2011 and 2010

FFO attributable to common shareholders plus assumed conversions was \$243,418,000, or \$1.27 per diluted share for the three months ended June 30, 2011, compared to \$204,772,000, or \$1.11 per diluted share, for the prior year’s quarter. FFO attributable to common shareholders plus assumed conversions was \$749,349,000, or \$3.91 per diluted share, for the six months ended June 30, 2011, compared to \$565,066,000, or \$2.98 per diluted share for the prior year’s six 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 June 30,		For The Six Months Ended June 30,	
	2011	2010	2011	2010
Reconciliation of our net income to FFO:				
Net income attributable to Vornado	\$ 108,581	\$ 72,106	\$ 521,244	\$ 286,658
Depreciation and amortization of real property	124,326	127,181	248,647	254,795
Net gain on sales of real estate	(458)	-	(51,623)	-
Proportionate share of adjustments to equity in net income of Toys, to arrive at FFO:				
Depreciation and amortization of real property	17,168	17,663	34,897	35,164
Net gain on sales of real estate	(491)	-	(491)	-
Income tax effect of above adjustment	(5,835)	(6,182)	(12,040)	(12,307)
Proportionate share of adjustments to equity in net income of partially owned entities, excluding Toys, to arrive at FFO:				
Depreciation and amortization of real property	22,233	19,533	46,202	39,074
Net gain on sales of real estate	(2,120)	-	(3,769)	(307)
Noncontrolling interests' share of above adjustments	(9,906)	(11,303)	(16,756)	(22,474)
FFO	253,498	218,998	766,311	580,603
Preferred share dividends	(16,668)	(14,266)	(30,116)	(28,533)
FFO attributable to common shareholders	236,830	204,732	736,195	552,070
Interest on 3.88% exchangeable senior debentures	6,556	-	13,090	12,915
Convertible preferred share dividends	32	40	64	81
FFO attributable to common shareholders plus assumed conversions	<u>\$ 243,418</u>	<u>\$ 204,772</u>	<u>\$ 749,349</u>	<u>\$ 565,066</u>
Reconciliation of Weighted Average Shares				
Weighted average common shares outstanding	184,268	182,027	184,129	181,786
Effect of dilutive securities:				
3.88% exchangeable senior debentures	5,736	-	5,736	5,736
Employee stock options and restricted share awards	1,876	1,617	1,815	1,741
Convertible preferred shares	55	71	56	71
Denominator for FFO per diluted share	<u>191,935</u>	<u>183,715</u>	<u>191,736</u>	<u>189,334</u>
FFO attributable to common shareholders plus assumed conversions per diluted share	<u>\$ 1.27</u>	<u>\$ 1.11</u>	<u>\$ 3.91</u>	<u>\$ 2.98</u>

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	
	June 30, Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	December 31, Balance	Weighted Average Interest Rate
Consolidated debt:					
Variable rate	\$ 2,089,729	1.96%	\$ 20,897	\$ 2,903,510	1.76%
Fixed rate	8,450,319	5.61%	-	7,990,129	5.66%
	<u>\$ 10,540,048</u>	4.89%	<u>20,897</u>	<u>\$ 10,893,639</u>	4.62%
Pro-rata share of debt of non-consolidated entities (non-recourse):					
Variable rate – excluding Toys	\$ 295,924	2.79%	2,959	\$ 345,308	1.39%
Variable rate – Toys	313,305	6.38%	3,133	501,623	4.95%
Fixed rate (including \$1,438,984,000 and \$1,421,820 of Toys debt in 2011 and 2010)	2,925,461 ⁽¹⁾	6.96%	-	2,428,986	6.86%
	<u>\$ 3,534,690</u>	6.56%	<u>6,092</u>	<u>\$ 3,275,917</u>	5.99%
Noncontrolling interests' share of above			(1,700)		
Total change in annual net income			\$ 25,289		
Per share-diluted			\$ 0.13		

(1) Excludes \$36.8 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 June 30, 2011, variable rate debt with an aggregate principal amount of \$560,628,000 and a weighted average interest rate of 2.79% was subject to LIBOR caps. These caps are based on a notional amount of \$558,603,000 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% (2.19% at June 30, 2011) to a fixed rate of 5.13% for the remaining seven-year term of the loan.

As of June 30, 2011, we have investments in mezzanine loans with an aggregate carrying amount of \$74,845,000 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 June 30, 2011, the estimated fair value of our consolidated debt was \$10,858,999,000.

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 six months ended June 30, 2011 we recognized \$10,401,000 of income 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 June 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 June 30, 2011, we have a \$39,483,000 receivable from Stop and Shop, of which \$21,855,000 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 \$39,483,000.

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 second quarter of 2011, we issued 80,679 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: August 1, 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

<u>Exhibit No.</u>		
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	*

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 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

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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 *

* _____
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.

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|-------|----|---|---|---|
| 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 Shear, 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	*

* 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	
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.

REVOLVING CREDIT AGREEMENT

dated as of June 8, 2011

among

VORNADO REALTY L.P.,
as Borrower,

THE BANKS SIGNATORY HERETO,
each as a Bank,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

BANK OF AMERICA, N.A.,
as Syndication Agent,

and

CITICORP NORTH AMERICA, INC.,
DEUTSCHE BANK TRUST COMPANY AMERICAS,
WELLS FARGO BANK, NATIONAL ASSOCIATION,
BARCLAYS BANK PLC,
THE GOLDMAN SACHS GROUP, INC.,
MORGAN STANLEY SENIOR FUNDING, INC.,
THE ROYAL BANK OF SCOTLAND PLC,

and

UBS SECURITIES LLC,
as Documentation Agents

J.P. MORGAN SECURITIES LLC

and

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
Lead Arrangers and Bookrunners

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I - DEFINITIONS; ETC	1
Section 1.01	1
Section 1.02	20
Section 1.03	20
Section 1.04	20
ARTICLE II – THE LOANS	20
Section 2.01	20
Section 2.02	21
Section 2.03	24
Section 2.04	26
Section 2.05	27
Section 2.06	28
Section 2.07	28
Section 2.08	28
Section 2.09	29
Section 2.10	30
Section 2.11	30
Section 2.12	31
Section 2.13	31
Section 2.14	31
Section 2.15	32
Section 2.16	32
Section 2.17	33
Section 2.18	35
ARTICLE III – REPRESENTATIONS AND WARRANTIES	36
Section 3.01	36
Section 3.02	37
Section 3.03	38
Section 3.04	38
Section 3.05	38
Section 3.06	39
Section 3.07	40
Section 3.08	41

ARTICLE IV – CONDITIONS PRECEDENT		41
Section 4.01	Conditions Precedent to the Loans	41
Section 4.02	Conditions Precedent to Advances After the Initial Advance	43
Section 4.03	Deemed Representations	44
ARTICLE V – REPRESENTATIONS AND WARRANTIES		44
Section 5.01	Existence	44
Section 5.02	Corporate/Partnership Powers	44
Section 5.03	Power of Officers	45
Section 5.04	Power and Authority; No Conflicts; Compliance With Laws	45
Section 5.05	Legally Enforceable Agreements	45
Section 5.06	Litigation	45
Section 5.07	Good Title to Properties	45
Section 5.08	Taxes	46
Section 5.09	ERISA	46
Section 5.10	No Default on Outstanding Judgments or Orders	46
Section 5.11	No Defaults on Other Agreements	46
Section 5.12	Government Regulation	47
Section 5.13	Environmental Protection	47
Section 5.14	Solvency	47
Section 5.15	Financial statements	47
Section 5.16	Valid Existence of Affiliates	47
Section 5.17	Insurance	47
Section 5.18	Accuracy of Information; Full Disclosure	47
Section 5.19	Use of Proceeds	48
Section 5.20	Governmental Approvals	48
Section 5.21	Principal Offices	48
Section 5.22	General Partner Status	48
Section 5.23	Labor Matters	49
Section 5.24	Organizational Documents	49
ARTICLE VI – AFFIRMATIVE COVENANTS		49
Section 6.01	Maintenance of Existence	49
Section 6.02	Maintenance of Records	49
Section 6.03	Maintenance of Insurance	49
Section 6.04	Compliance with Laws; Payment of Taxes	49
Section 6.05	Right of Inspection	49
Section 6.06	Compliance With Environmental Laws	50
Section 6.07	Payment of Costs	50
Section 6.08	Maintenance of Properties	50
Section 6.09	Reporting and Miscellaneous Document Requirements	50

ARTICLE VII – NEGATIVE COVENANTS		53
Section 7.01	Mergers, Etc.	53
Section 7.02	Distributions	53
Section 7.03	Amendments to Organizational Documents	53
ARTICLE VIII – FINANCIAL COVENANTS		53
Section 8.01	Equity Value	54
Section 8.02	Ratio of Total Outstanding Indebtedness to Capitalization Value	54
Section 8.03	Intentionally Omitted	54
Section 8.04	Ratio of Combined EBITDA to Fixed Charges	54
Section 8.05	Ratio of Unencumbered Combined EBITDA to Unsecured Interest Expense	54
Section 8.06	Ratio of Unsecured Indebtedness to Capitalization Value of Unencumbered Assets	54
Section 8.07	Ratio of Secured Indebtedness to Capitalization Value	55
Section 8.08	Debt of the General Partner	55
ARTICLE IX – EVENTS OF DEFAULT		55
Section 9.01	Events of Default	55
Section 9.01	Remedies	58
ARTICLE X – ADMINISTRATIVE AGENT; RELATIONS AMONG BANKS		58
Section 10.01	Appointment, Powers and Immunities of Administrative Agent	58
Section 10.02	Reliance by Administrative Agent	59
Section 10.03	Defaults	59
Section 10.04	Rights of Agent as a Bank	59
Section 10.05	Indemnification of Agents	60
Section 10.06	Non-Reliance on Agents and Other Banks	60
Section 10.07	Failure of Administrative Agent to Act	60
Section 10.08	Resignation or Removal of Administrative Agent	60
Section 10.09	Amendments Concerning Agency Function	61
Section 10.10	Liability of Administrative Agent	61
Section 10.11	Transfer of Agency Function	61
Section 10.12	Non-Receipt of Funds by Administrative Agent	61
Section 10.13	Withholding Taxes	62
Section 10.14	Pro Rata Treatment	62
Section 10.15	Sharing of Payments Among Banks	62
Section 10.16	Possession of Documents	63
Section 10.17	Syndication Agents and Documentation Agents	63

ARTICLE XI – NATURE OF OBLIGATIONS		63
Section 11.01	Absolute and Unconditional Obligations	63
Section 11.02	Non-Recourse to VRT Principals and the General Partner	63
ARTICLE XII – MISCELLANEOUS		64
Section 12.01	Binding Effect of Request for Advance	64
Section 12.02	Amendments and Waivers	64
Section 12.03	Intentionally Omitted	65
Section 12.04	Expenses; Indemnification	65
Section 12.05	Assignment; Participation	66
Section 12.06	Documentation Satisfactory	68
Section 12.07	Notices	68
Section 12.08	Setoff	68
Section 12.09	Table of Contents; Headings	68
Section 12.10	Severability	68
Section 12.11	Counterparts	69
Section 12.12	Integration	69
Section 12.13	Governing Law	69
Section 12.14	Waivers	69
Section 12.15	Jurisdiction; Immunities	69
Section 12.16	Designated Lender	70
Section 12.17	No Bankruptcy Proceedings	71
Section 12.18	Intentionally Omitted	71
Section 12.19	USA Patriot Act	71
Section 12.20	Defaulting Lenders	72
Section 12.21	Use for Mortgages	74
Section 12.22	Bottom-Up Guaranties	74
Section 12.23	OFAC	74
Section 12.24	Amendment of the Existing 2007 Credit Agreement	75

Schedule 1	Loan Commitments
Schedule 2	Other Investments
Schedule 2A	General Partner Investments
Schedule 3	General Partner – Debt
Exhibit A	Authorization Letter
Exhibit B	Ratable Loan Note
Exhibit C	Bid Rate Loan Note
Exhibit D	Solvency Certificate
Exhibit E	Assignment and Assumption Agreement
Exhibit F	List of Material Affiliates
Exhibit G-1	Bid Rate Quote Request
Exhibit G-2	Invitation for Bid Rate Quotes
Exhibit G-3	Bid Rate Quote
Exhibit G-4	Acceptance of Bid Rate Quote
Exhibit H	Designation Agreement
Exhibit I	Labor Matters
Exhibit J	Existing Letters of Credit

REVOLVING CREDIT AGREEMENT (this "Agreement") dated as of June 8, 2011 among VORNADO REALTY L.P., a limited partnership organized and existing under the laws of the State of Delaware ("Borrower"), JPMORGAN CHASE BANK, N.A., as agent for the Banks (in such capacity, together with its successors in such capacity, "Administrative Agent"), BANK OF AMERICA, N.A., as Syndication Agent, CITICORP NORTH AMERICA, INC., DEUTSCHE BANK TRUST COMPANY AMERICAS, WELLS FARGO BANK, NATIONAL ASSOCIATION, BARCLAYS BANK PLC, THE GOLDMAN SACHS GROUP, INC., MORGAN STANLEY SENIOR FUNDING, INC., THE ROYAL BANK OF SCOTLAND PLC, and UBS SECURITIES LLC, as Documentation Agents, and JPMORGAN CHASE BANK, N.A., in its individual capacity and not as Administrative Agent, and the other lenders signatory hereto (said lenders signatory hereto and the lenders who from time to time become Banks pursuant to Section 3.07 or 12.05 and, if applicable, any of the foregoing lenders' Designated Lenders, each a "Bank" and collectively, the "Banks").

Now, Borrower has requested a revolving line of credit in the amount of One Billion Two Hundred Fifty Million Dollars (\$1,250,000,000), which may be increased pursuant to the terms of this Agreement to One Billion Four Hundred Million Dollars (\$1,400,000,000) and the Administrative Agent and the Banks have agreed to Borrower's request pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and conditions hereinafter set forth, Borrower, the Administrative Agent and each of the Banks agree as follows:

ARTICLE I

DEFINITIONS; ETC.

Definitions

. As used in this Agreement the following terms have the following meanings (except as otherwise provided, terms defined in the singular have a correlative meaning when used in the plural, and vice versa):

"Additional Costs" has the meaning specified in Section 3.01.

"Administrative Agent" has the meaning specified in the preamble.

"Administrative Agent's Office" means Administrative Agent's office located at 270 Park Avenue, New York, NY 10017, or such other office in the United States as Administrative Agent may designate by written notice to Borrower and the Banks.

"Affected Bank" has the meaning specified in Section 3.07.

"Affected Loan" has the meaning specified in Section 3.04.

"Affiliate" means, with respect to any Person (the "first Person"), any other Person: (1) which directly or indirectly controls, or is controlled by, or is under common control with, the first Person. The term "control" means the possession, directly or indirectly, of the power, alone, to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means, individually and collectively, Administrative Agent, each Syndication Agent and each Documentation Agent.

"Agreement" means this Revolving Credit Agreement.

"Applicable Lending Office" means, for each Bank and for its LIBOR Loan, Bid Rate Loan(s), Base Rate Loan or Swingline Loan, as applicable, the lending office of such Bank (or of an Affiliate of such Bank) designated as such on its signature page hereof or in the applicable Assignment and Assumption Agreement, or such other office of such Bank (or of an Affiliate of such Bank) as such Bank may from time to time specify to Administrative Agent and Borrower as the office by which its LIBOR Loan, Bid Rate Loan(s), Base Rate Loan or Swingline Loan, as applicable, is to be made and maintained.

"Applicable Margin" means, with respect to Base Rate Loans and LIBOR Loans, the respective percentages per annum determined, at any time, based on the range into which any Credit Rating then falls, in accordance with the table set forth below. Any change in any Credit Rating causing it to move to a different range on the table shall effect an immediate change in the Applicable Margin. Borrower shall have not less than two (2) Credit Ratings at all times, one of which shall be from S&P or Moody's. In the event that Borrower receives only two (2) Credit Ratings, and such Credit Ratings are not equivalent, the Applicable Margin shall be the higher of the two Credit Ratings. In the event that Borrower receives more than two (2) Credit Ratings, and such Credit Ratings are not all equivalent, the Applicable Margin shall be the lower of the two (2) highest ratings.

Borrower's Credit Rating (S&P/Moody's Ratings)	Applicable Margin for Base Rate Loans (% per annum)	Applicable Margin for LIBOR Loans (% per annum)
A-/A3 or higher	0.175	1.175
BBB+/Baa1	0.200	1.200
BBB/Baa2	0.350	1.350
BBB-/Baa3	0.650	1.650
Below BBB-/Baa3 or unrated	0.950	1.950

"Assignee" has the meaning specified in Section 12.05(c).

"Assignment and Assumption Agreement" means an Assignment and Assumption Agreement, substantially in the form of EXHIBIT E, pursuant to which a Bank assigns and an Assignee assumes rights and obligations in accordance with Section 12.05.

"Authorization Letter" means a letter agreement executed by Borrower in the form of EXHIBIT A.

"Available Total Loan Commitment" has the meaning specified in Section 2.01(b).

"Bank" and "Banks" have the respective meanings specified in the preamble; provided, however, that the term "Bank" shall exclude each Designated Lender when used in reference to a Ratable Loan, the Loan Commitments or terms relating to the Ratable Loans and the Loan Commitments.

"Bank Affiliate" means, (a) with respect to any Bank, (i) a Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Bank or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by any Bank or a Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Bank and (b) with respect to any Bank that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Bank or by a Person directly or indirectly controlling or controlled by or under direct or indirect common control with such investment advisor.

"Bank Parties" means Administrative Agent and the Banks.

"Banking Day" means (1) any day except a Saturday or Sunday on which commercial banks are not authorized or required to close in New York City and (2) whenever such day relates to a LIBOR Loan, a Bid Rate Loan, an Interest Period with respect to a LIBOR Loan or a Bid Rate Loan, or notice with respect to a LIBOR Loan or Bid Rate Loan, a day on which dealings in Dollar deposits are also carried out in the London interbank market and banks are open for business in London and New York City, and (3) in the case of Letters of Credit transactions for a particular Fronting Bank, any day except a Saturday or Sunday on which commercial banks are not authorized or required to close in the place where its office for issuance or administration of the pertinent Letter of Credit is located and New York City.

"Bank Reply Period" has the meaning specified in Section 12.02.

"Bankruptcy Code" means Title 11 of the United States Code, entitled "Bankruptcy", as amended from time to time, and any successor or statute or statutes.

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Banks' L/C Fee Rate" has the meaning specified in Section 2.17(g).

"Base Rate" means, for any day, the highest of (1) the Federal Funds Rate for such day plus one-half percent (0.50%), (2) the Prime Rate for such day, and (3) the LIBOR Interest Rate for such day if a LIBOR Loan with an Interest Period of one month were being made on such day plus one percent (1.0%).

"Base Rate Loan" means all or any portion (as the context requires) of a Bank's Ratable Loan which shall accrue interest at a rate determined in relation to the Base Rate.

"Bid Borrowing Limit" has the meaning specified in Section 2.01(c).

"Bid Rate Loan" has the meaning specified in Section 2.01(c).

"Bid Rate Loan Note" has the meaning specified in Section 2.09.

"Bid Rate Quote" means an offer by a Bank to make a Bid Rate Loan in accordance with Section 2.02.

"Bid Rate Quote Request" has the meaning specified in Section 2.02(a).

"Borrower" has the meaning specified in the preamble.

"Borrower's Accountants" means Deloitte LLP, any other "Big 4" accounting firm selected by Borrower (or a successor thereof), or such other accounting firm(s) selected by Borrower and reasonably acceptable to the Required Banks.

"Borrower's Consolidated Financial Statements" means the consolidated balance sheet and related consolidated statements of operations, changes in equity and cash flows, and footnotes thereto, of the Borrower, in each case prepared in accordance with GAAP and as filed with the SEC as SEC Reports.

"Borrower's Pro Rata Share" means an amount determined based on the pro rata ownership of the equity interests of a Person by Borrower and Borrower's consolidated subsidiaries.

"Capitalization Value" means, at any time, the sum of (1) with respect to Real Property Businesses (other than UJVs), individually determined, the greater of (x) Combined EBITDA from such businesses (a) in the case of all Real Property Businesses other than hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.50% per annum, and (y) the Gross Book Value of such businesses; (2) with respect to Other Investments, which do not have publicly traded shares, the Net Equity Value of such Other Investments; (3) with respect to Real Property UJVs, which do not have publicly traded shares, individually determined, the greater of (x) Combined EBITDA from such Real Property UJVs (a) in the case of all Real Property UJVs other than those owning hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of Real Property UJVs owning hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at the rate of 6.50%, less Borrower's pro rata share of any Indebtedness attributable to such UJVs, and (y) the Net Equity Value of such Real Property UJVs (subject to the last sentence of this definition); and (4) without duplication, Borrower's pro rata share of Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and capitalized development costs (exclusive of tenant improvements and tenant leasing commission costs), and the fair market value of publicly traded securities, at such time, all as determined in accordance with GAAP. For the purposes of this definition, (1) for any Disposition of Real Property Assets by a Real Property Business during any calendar quarter, Combined EBITDA will be reduced by actual Combined EBITDA generated from such asset or assets, (2) the aggregate contribution to Capitalization Value in excess of 35% of the total Capitalization Value from all Real Property Businesses and Other Investments owned by UJVs shall not be included in Capitalization Value, and (3) the aggregate contribution to Capitalization Value from leasing commissions and management and development fees in excess of 15% of Combined EBITDA shall not be included in Capitalization Value. To the extent that liabilities of a Real Property UJV are Recourse to Borrower or the General Partner, then for purposes of clause (3)(y) above, the Net Equity Value of such Real Property UJV shall not be reduced by such Recourse liabilities.

“Capitalization Value of Unencumbered Assets” means, at any time, the sum of (1) with respect to Real Property Businesses (other than UJVs), individually determined, the greater of (x) Unencumbered Combined EBITDA from such Real Property Businesses (a) in the case of all Real Property Businesses other than hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of hotels or trade show space, the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.50% per annum, and (y) the Gross Book Value of such businesses; (2) with respect to Real Property UJVs, which do not have publicly traded shares, individually determined, the greater of (x) the Unencumbered Combined EBITDA from such Real Property UJVs (a) in the case of Real Property UJVs other than those owning hotels or trade show space, for the most recently ended calendar quarter, annualized (i.e., multiplied by four), and (b) in the case of Real Property UJVs owning hotels or trade show space, for the most recently ended four consecutive calendar quarters, in both cases, capitalized at a rate of 6.50% per annum, and (y) the Net Equity Value of such Real Property UJVs; and (3) without duplication, Borrower's pro rata share of Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and capitalized development costs (exclusive of tenant improvements and tenant leasing commission costs), and the fair market value of publicly traded securities that are Unencumbered Assets of Borrower, at such time, all as determined in accordance with GAAP. For the purposes of this definition, (1) for any Disposition of Real Property Assets by a Real Property Business during any calendar quarter, Unencumbered Combined EBITDA will be reduced by actual Unencumbered Combined EBITDA generated from such asset or assets, (2) the aggregate contribution to Capitalization Value of Unencumbered Assets in excess of 35% of the total Capitalization Value of Unencumbered Assets from the aggregate of all Real Property Businesses owned by UJVs, and notes and mortgage loans receivable that are Unencumbered Assets at such time, as determined in accordance with GAAP, shall not be included in Capitalization Value of Unencumbered Assets, and (3) the aggregate contribution to Capitalization Value of Unencumbered Assets from leasing commissions and management and development fees in excess of 15% of Unencumbered Combined EBITDA shall not be included in Capitalization Value of Unencumbered Assets.

“Capital Lease” means any lease which has been or should be capitalized on the books of the lessee in accordance with GAAP.

"Cash or Cash Equivalents" means (a) cash; (b) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by an agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year after the date of acquisition thereof; (c) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within ninety (90) days after the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from any two of S&P, Moody's or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (d) domestic corporate bonds, other than domestic corporate bonds issued by Borrower or any of its Affiliates, maturing no more than two (2) years after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A or the equivalent from any two (2) of S&P, Moody's or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (e) variable-rate domestic corporate notes or medium term corporate notes, other than notes issued by Borrower or any of its Affiliates, maturing or resetting no more than one (1) year after the date of acquisition thereof and having a rating of at least AA or the equivalent from two of S&P, Moody's or Fitch (or, if at any time no two of the foregoing shall be rating such obligations, then from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (f) commercial paper (foreign and domestic) or master notes, other than commercial paper or master notes issued by Borrower or any of its Affiliates, and, at the time of acquisition, having a long-term rating of at least A or the equivalent from S&P, Moody's or Fitch and having a short-term rating of at least A-2 and P-2 from S&P and Moody's, respectively (or, if at any time neither S&P nor Moody's shall be rating such obligations, then the highest rating from such other nationally recognized rating services as are reasonably acceptable to Administrative Agent); (g) domestic and foreign certificates of deposit or domestic time deposits or foreign deposits or bankers' acceptances (foreign or domestic) in Dollars, Hong Kong Dollars, Singapore Dollars, Pounds Sterling, Euros or Yen that are issued by a bank (I) which has, at the time of acquisition, a long-term rating of at least A or the equivalent from S&P, Moody's or Fitch and (II) if a domestic bank, which is a member of the Federal Deposit Insurance Corporation; (h) overnight securities repurchase agreements, or reverse repurchase agreements secured by any of the foregoing types of securities or debt instruments, provided that the collateral supporting such repurchase agreements shall have a value not less than 101% of the principal amount of the repurchase agreement plus accrued interest; and (i) money market funds invested in investments substantially all of which consist of the items described in clauses (a) through (h) above.

"Closing Date" means the date the Initial Advance is made.

"Code" means the Internal Revenue Code of 1986.

"Combined EBITDA" means, for any quarter, the Borrower's pro rata share of net income or loss plus Interest Expense, income taxes, depreciation and amortization and excluding the effect of non-recurring items (such as, without limitation, (i) gains or losses from asset sales, (ii) gains or losses from debt restructurings or write-ups or forgiveness of indebtedness, and costs and expenses incurred during such period with respect to acquisitions consummated during such period, and (iii) non-cash gains or losses from foreign currency fluctuations), all as determined in accordance with GAAP, of Consolidated Businesses and UJVs (provided, however, that for purposes of determining the ratio of Combined EBITDA to Fixed Charges, Combined EBITDA of UJVs shall exclude UJVs that are not Real Property UJVs), as the case may be, multiplied by four, provided however, that Combined EBITDA shall include only general and administrative expenses that are attributable to the management and operation of the assets in accordance with GAAP and shall not include any corporate general and administrative expenses of Borrower, General Partner, Consolidated Businesses or UJVs (e.g., salaries of corporate officers).

"Consolidated Businesses" means, at any time, the Borrower and Subsidiaries of the Borrower that the Borrower consolidates in its consolidated financial statements prepared in accordance with GAAP, provided, however, that UJVs which are consolidated in accordance with GAAP are not Consolidated Businesses.

"Continue", "Continuation" and "Continued" refer to the continuation pursuant to Section 2.12 of a LIBOR Loan as a LIBOR Loan from one Interest Period to the next interest Period.

"Convert", "Conversion" and "Converted" refer to a conversion pursuant to Section 2.12 of a Base Rate Loan into a LIBOR Loan or a LIBOR Loan into a Base Rate Loan, each of which may be accompanied by the transfer by a Bank (at its sole discretion) of all or a portion of its Ratable Loan from one Applicable Lending Office to another.

"Credit Party" means the Administrative Agent, the Fronting Bank, the Swingline Lender or any other Bank.

"Credit Rating" means the rating assigned by the Ratings Agencies to Borrower's senior unsecured long-term indebtedness.

"Debt" means, at any time, without duplication, (i) all indebtedness and liabilities of a Person for borrowed money, secured or unsecured, including mortgage and other notes payable (but excluding any indebtedness to the extent secured by cash or cash equivalents or marketable securities, or defeased), as determined in accordance with GAAP, and (ii) without duplication, all liabilities of a Person consisting of indebtedness for borrowed money, determined in accordance with GAAP, that are or would be stated and quantified as contingent liabilities in the notes to the consolidated financial statements of such Person as of that date. For purposes of determining "Total Outstanding Indebtedness" and "Debt", the term "without duplication" shall mean (without limitation) that amounts loaned from one Person to a second Person that under GAAP would be consolidated with the first Person shall not be treated as Debt of the second Person.

"Default" means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

"Defaulting Lender" means any Bank that (a) has failed, within three Banking Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Bank notifies the Administrative Agent in writing that such failure is the result of such Bank's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, or, in the case of clause (iii) above, such Bank notifies the Administrative Agent in writing that such failure is the result of a good faith dispute which has been specifically identified, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Bank's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Banking Days after request by a Credit Party or Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Bank that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Bank shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's or Borrower's and the Administrative Agent's (as applicable) receipt of such certification in form and substance reasonably satisfactory to it or them (as applicable), or (d) has become the subject of a Bankruptcy Event.

"Default Rate" means a rate per annum equal to: (1) with respect to Base Rate Loans, a variable rate of three percent (3%) plus the rate of interest then in effect thereon (including the Applicable Margin); and (2) with respect to LIBOR Loans and Bid Rate Loans, a fixed rate of three percent (3%) plus the rate(s) of interest in effect thereon (including the Applicable Margin or the LIBOR Bid Margin, as the case may be) at the time of any Default or Event of Default until the end of the then current Interest Period therefor and, thereafter, a variable rate of three percent (3%) plus the rate of interest for a Base Rate Loan (including the Applicable Margin).

"Designated Lender" means a special purpose corporation that (i) shall have become a party to this Agreement pursuant to Section 12.16 and (ii) is not otherwise a Bank.

"Designating Lender" has the meaning specified in Section 12.16.

"Designation Agreement" means an agreement in substantially the form of EXHIBIT H, entered into by a Bank and a Designated Lender and accepted by Administrative Agent.

"Disposition" means a sale (whether by assignment, transfer or Capital Lease) of an asset.

"Dollars" and the sign "\$" mean lawful money of the United States of America.

"Elect", "Election" and "Elected" refer to elections, if any, by Borrower pursuant to Section 2.12 to have all or a portion of an advance of the Ratable Loans be outstanding as LIBOR Loans.

"Environmental Discharge" means any discharge or release of any Hazardous Materials in violation of any applicable Environmental Law.

"Environmental Law" means any applicable Law relating to pollution or the environment, including Laws relating to noise or to emissions, discharges, releases or threatened releases of Hazardous Materials into the work place, the community or the environment, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"Environmental Notice" means any written complaint, order, citation, letter, inquiry, notice or other written communication from any Person (1) affecting or relating to Borrower's compliance with any Environmental Law in connection with any activity or operations at any time conducted by Borrower, (2) relating to the occurrence or presence of or exposure to or possible or threatened or alleged occurrence or presence of or exposure to Environmental Discharges or Hazardous Materials at any of Borrower's locations or facilities, including, without limitation: (a) the existence of any contamination or possible or threatened contamination at any such location or facility and (b) remediation of any Environmental Discharge or Hazardous Materials at any such location or facility or any part thereof; and (3) any violation or alleged violation of any relevant Environmental Law.

"Equity Value" means, at any time, Capitalization Value less the Total Outstanding Indebtedness.

"ERISA" means the Employee Retirement Income Security Act of 1974, including the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any corporation or trade or business which is a member of the same controlled group of organizations (within the meaning of Section 414(b) of the Code) as Borrower or General Partner or is under common control (within the meaning of Section 414(c) of the Code) with Borrower or General Partner or is required to be treated as a single employer with Borrower or General Partner under Section 414(m) or 414(o) of the Code.

"Event of Default" has the meaning specified in Section 9.01.

"Execution Date" means the date of this Agreement.

"Existing 2006 Credit Agreement" means the Revolving Credit Agreement, dated as of June 28, 2006, among Borrower, General Partner, the Administrative Agent and the lenders party thereto, as amended by the First Amendment to Revolving Credit Agreement, dated as of November 9, 2006, and the Second Amendment to Revolving Credit Agreement, dated as of September 28, 2007.

"Existing 2007 Credit Agreement" means the Revolving Credit Agreement, dated as of September 28, 2007, among Borrower, General Partner, the Administrative Agent and the lenders party thereto, as amended by the First Amendment to Revolving Credit Agreement, dated as of October 12, 2007.

"Extension Date" has the meaning specified in Section 2.18.

"Extension Notice" has the meaning specified in Section 2.18.

"Facility Fee" means the respective percentages per annum determined, at any time, based on the range into which any Credit Rating then falls, in accordance with the table set forth below. Any change in any Credit Rating causing it to move to a different range on the table shall effect an immediate change in the Facility Fee. Borrower shall have not less than two (2) Credit Ratings at all times, one of which shall be from S&P or Moody's. In the event that Borrower receives only two (2) Credit Ratings, and such Credit Ratings are not equivalent, the Facility Fee shall be the higher of the two Credit Ratings. In the event that Borrower receives more than two (2) Credit Ratings, and such Credit Ratings are not all equivalent, the Facility Fee shall be the lower of the two (2) highest ratings.

Borrower's Credit Rating (S&P/Moody's Ratings)	Facility Fee (% per annum)
A-/A3 or higher	0.225
BBB+/Baa1	0.250
BBB/Baa2	0.300
BBB-/Baa3	0.350
Below BBB-/Baa3 or unrated	0.450

"Federal Funds Rate" means, for any day, the rate per annum (expressed on a 360-day basis of calculation) equal to the weighted average of the rates on overnight federal funds transactions as published by the Federal Reserve Bank of New York for such day provided that (1) if such day is not a Banking Day, the Federal Funds Rate for such day shall be such rate on such transactions on the immediately preceding Banking Day as so published on the next succeeding Banking Day, and (2) if no such rate is so published on such next succeeding Banking Day, the Federal Funds Rate for such day shall be the average of the rates quoted by three Federal Funds brokers to Administrative Agent on such day on such transactions.

"Fiscal Year" means each period from January 1 to December 31.

"Fitch" means Fitch, Inc.

"Fixed Charges" means, without duplication, in respect of any quarter, the sum of (i) the Borrower's Pro Rata Share of Interest Expense for such period attributable to Debt in respect of Consolidated Businesses and Real Property UJVs, as well as to any other Debt that is recourse to the Borrower, multiplied by four (4); and (ii) distributions during such period on preferred units of the Borrower, as determined on a consolidated basis, in accordance with GAAP, multiplied by four (4).

"Fronting Bank" means JPMorgan Chase Bank, N.A., Bank of America, N.A. or another Bank that shall have agreed to be designated by Borrower from among those Banks identified by Administrative Agent as being a permissible Fronting Bank pursuant to Section 2.17.

"GAAP" means accounting principles generally accepted in the United States of America as in effect from time to time, applied on a basis consistent with those used in the preparation of the financial statements referred to in Section 5.15 (captioned "Financial Statements") (except for changes concurred to by Borrower's Accountants); provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application of any such change on the operation of such provision, or if the Administrative Agent notifies the Borrower that the Required Banks request an amendment to any provision hereof for such purpose, in either case, regardless of whether any such notice is given before or after such change in GAAP or in the application of any such change, then such provision shall be interpreted on the basis of GAAP as in effect and applied for purposes of this Agreement immediately before such change shall have become effective.

"General Partner" means Vornado Realty Trust, a real estate investment trust organized and existing under the laws of the State of Maryland and the sole general partner of Borrower.

"Good Faith Contest" means the contest of an item if: (1) the item is diligently contested in good faith, and, if appropriate, by proceedings timely instituted; (2) adequate reserves are established with respect to the contested item; (3) during the period of such contest, the enforcement of any contested item is effectively stayed; and (4) the failure to pay or comply with the contested item during the period of the contest is not likely to result in a Material Adverse Change.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Gross Book Value" means the undepreciated book value of assets comprising a business, determined in accordance with GAAP.

"Hazardous Materials" means any pollutant, effluents, emissions, contaminants, toxic or hazardous wastes or substances, as any of those terms are defined from time to time in or for the purposes of any relevant Environmental Law, including asbestos fibers and friable asbestos, polychlorinated biphenyls, and any petroleum or hydrocarbon-based products or derivatives.

"Initial Advance" means the first advance of proceeds of the Loans and/or issuance of Letters of Credit.

"Interest Expense" means, for any quarter, the consolidated interest expense, whether paid, accrued or capitalized (without deduction of consolidated interest income) of Borrower that is attributable to Borrower's Pro Rata Share in its Consolidated Businesses in respect of Real Property Businesses, including, without limitation or duplication (or, to the extent not so included, with the addition of), (1) the portion of any rental obligation in respect of any Capital Lease obligation allocable to interest expense in accordance with GAAP; (2) the amortization of Debt discounts and premiums; (3) any payments or fees (other than up-front fees) with respect to interest rate swap or similar agreements; and (4) the interest expense and items listed in clauses (1) through (3) above applicable to each of the UJVs (to the extent not included above) multiplied by Borrower's Pro Rata Share in the UJVs in respect of Real Property Businesses, in all cases as reflected in the Borrower's Consolidated Financial Statements, provided that there shall be excluded from Interest Expense capitalized interest covered by an interest reserve established under a loan facility (such as capitalized construction interest provided for in a construction loan). "Interest Expense" shall be determined without regard to the effects thereon of ASC 470-20 with respect to the non-cash portion of interest expense attributable to convertible Debt.

"Interest Period" means, (1) with respect to any LIBOR Loan, the period commencing on the date the same is advanced, converted from a Base Rate Loan or Continued, as the case may be, and ending, as Borrower may select pursuant to Section 2.06, on the numerically corresponding day in the first, second, third or, if available from all of the Banks, sixth calendar month thereafter (or at Administrative Agent's reasonable discretion a period of shorter duration), provided that each such Interest Period which commences on the last Banking Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Banking Day of the appropriate calendar month; and (2) with respect to any Bid Rate Loan, the period commencing on the date the same is advanced and ending, as Borrower may select pursuant to Section 2.02, on the numerically corresponding day in the first, second, third or sixth calendar month thereafter (or at Administrative Agent's reasonable discretion a period of shorter duration) provided that each such Interest Period which commences on the last Banking Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Banking Day of the appropriate calendar month.

"Invitation for Bid Rate Quotes" has the meaning specified in Section 2.02(b).

"Law" means any federal, state or local statute, law, rule, regulation, ordinance, order, code, or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent decree or judgment.

"Lead Arrangers" means J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

"Letter of Credit" has the meaning specified in Section 2.17(a).

"LIBOR Base Rate" means, with respect to any Interest Period therefor, the rate per annum quoted at approximately 11:00 a.m., London time, by the Bank serving as Administrative Agent two (2) Banking Days prior to the first day of such Interest Period for the offering to leading banks in the London interbank market of Dollar deposits in immediately available funds, for a period, and in an amount, comparable to such Interest Period and principal amount of the LIBOR Loan or Bid Rate Loan, as the case may be, in question outstanding during such Interest Period.

"LIBOR Bid Margin" has the meaning specified in Section 2.02(c)(2)(iii).

"LIBOR Bid Rate" means a rate per annum equal to the sum of (1) the LIBOR Interest Rate for the Bid Rate Loan and Interest Period in question and (2) the LIBOR Bid Margin.

"LIBOR Interest Rate" means, for any LIBOR Loan or Bid Rate Loan, a rate per annum determined by Administrative Agent to be equal to the quotient of (1) the LIBOR Base Rate for such LIBOR Loan or Bid Rate Loan, as the case may be, for the Interest Period therefor divided by (2) one minus the LIBOR Reserve Requirement for such LIBOR Loan or Bid Rate Loan, as the case may be, for such Interest Period.

"LIBOR Loan" means all or any portion (as the context requires) of any Bank's Ratable Loan which shall accrue interest at rate(s) determined in relation to LIBOR Interest Rate(s).

"LIBOR Reserve Requirement" means, for any LIBOR Loan or Bid Rate Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during the Interest Period for such LIBOR Loan or Bid Rate Loan under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding One Billion Dollars (\$1,000,000,000) against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the LIBOR Reserve Requirement shall also reflect any other reserves required to be maintained by such member banks by reason of any Regulatory Change against (1) any category of liabilities which includes deposits by reference to which the LIBOR Base Rate is to be determined as provided in the definition of "LIBOR Base Rate" in this Section 1.01 or (2) any category of extensions of credit or other assets which include loans the interest rate on which is determined on the basis of rates referred to in said definition of "LIBOR Base Rate".

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment for collateral purposes, deposit arrangement, lien (statutory or other), or other security agreement or charge of any kind or nature whatsoever of any third party (excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing).

"Loan" means, with respect to each Bank, its Ratable Loan, Bid Rate Loan(s) and Swingline Loan(s), collectively.

"Loan Commitment" means, with respect to each Bank, the obligation to make a Ratable Loan in the principal amount set forth on Schedule 1 attached hereto and incorporated herein, as such amount may be reduced or increased from time to time in accordance with the provisions of Section 2.16 (upon the execution of an Assignment and Assumption Agreement, the definition of Loan Commitment shall be deemed revised to reflect the assignment being effected pursuant to such Assignment and Assumption Agreement).

"Loan Documents" means this Agreement, the Notes, the Authorization Letter and the Solvency Certificate.

"Mandatory Borrowing" has the meaning specified in Section 2.03(b)(3).

"Material Adverse Change" means either (1) a material adverse change in the status of the business, results of operations, financial condition, or property of Borrower or (2) any event or occurrence of whatever nature which is likely to have a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents.

"Material Affiliates" means the Affiliates of Borrower listed on EXHIBIT F.

"Maturity Date" means June 8, 2015, subject to extension pursuant to Section 2.18.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a Plan defined as such in Section 3(37) of ERISA to which contributions have been or are required to be made by Borrower or General Partner or any ERISA Affiliate and which is covered by Title IV of ERISA.

"Net Equity Value" means, at any time, the total assets of the applicable business less the total liabilities of such business less the amounts attributable to the minority interest in such business, in each case as determined on a consolidated basis, in accordance with GAAP, subject to the last sentence of the definition of Capitalization Value.

"Note" and "Notes" have the respective meanings specified in Section 2.09.

"Obligations" means each and every obligation, covenant and agreement of Borrower, now or hereafter existing, contained in this Agreement, and any of the other Loan Documents, whether for principal, reimbursement obligations, interest, fees, expenses, indemnities or otherwise, and any amendments or supplements thereto, extensions or renewals thereof or replacements therefor, including but not limited to all indebtedness, obligations and liabilities of Borrower to Administrative Agent and any Bank now existing or hereafter incurred under or arising out of or in connection with the Notes, this Agreement, the other Loan Documents, and any documents or instruments executed in connection therewith; in each case whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, and including all indebtedness of Borrower under any instrument now or hereafter evidencing or securing any of the foregoing.

"OFAC" means The Office of Foreign Assets Control of the United States Department of the Treasury.

"Other Investment" means a Consolidated Business or UJV that does not own primarily Real Property Assets or publicly traded securities, including, without limitation, those entities more particularly set forth on Schedule 2 attached hereto.

"Parent" means, with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning specified in Section 12.05(b).

"Payor" has the meaning specified in Section 10.12.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company, Governmental Authority or other entity of whatever nature.

"Plan" means any employee benefit or other plan (other than a Multiemployer Plan) established or maintained, or to which contributions have been or are required to be made, by Borrower or General Partner or any ERISA Affiliate and which is covered by Title IV of ERISA or to which Section 412 of the Code applies.

"presence", when used in connection with any Environmental Discharge or Hazardous Materials, means and includes presence, generation, manufacture, installation, treatment, use, storage, handling, repair, encapsulation, disposal, transportation, spill, discharge and release.

"Prime Rate" means that rate of interest from time to time announced by the Bank serving as Administrative Agent in the United States as its prime commercial lending rate. Any change in the Prime Rate shall be effective as of the date such change is announced by the Bank serving as Administrative Agent.

"Pro Rata Share" means, with respect to each Bank, the percentage of the Total Loan Commitment represented by such Bank's Loan Commitment; provided that solely in the case of Section 12.20(c) when a Defaulting Lender shall exist, "Pro Rata Share" shall mean the percentage of the Total Loan Commitment (disregarding any Defaulting Lender's Loan Commitment) represented by such Bank's Loan Commitment. If the Loan Commitments have terminated or expired, the Pro Rata Share shall be determined based upon the Loan Commitments most recently in effect, giving effect to any assignments and to any Bank's status as a Defaulting Lender at the time of determination.

"Prohibited Transaction" means any transaction set forth in Section 406 of ERISA or Section 4975 of the Code.

"Qualified Institution" means a Bank, or one or more banks, finance companies, insurance or other financial institutions which (A) has (or, in the case of a bank which is a subsidiary, such bank's parent has) a rating of its senior debt obligations of not less than Baa1 by Moody's or a comparable rating by a rating agency acceptable to the Administrative Agent and (B) has total assets in excess of Ten Billion Dollars (\$10,000,000,000).

"Ratable Loan" has the meaning specified in Section 2.01(b).

"Ratable Loan Note" has the meaning specified in Section 2.09.

"Rating Agencies" means, collectively, S&P, Moody's and Fitch.

"Real Property Asset" means an asset from which income is, or upon completion expected by the Borrower to be, derived predominantly from contractual rent payments under leases with unaffiliated third party tenants, hotel operations, tradeshow operations or leasing commissions and management and development fees, and shall include those investments in mortgages and mortgage participations owned by the Borrower as to which the Borrower has demonstrated to the Administrative Agent, in the Administrative Agent's reasonable discretion, that Borrower has control of the decision-making functions of management and leasing of such mortgaged properties, has control of the economic benefits of such mortgaged properties, and holds the right to acquire such mortgaged properties.

"Real Property Business" means a Consolidated Business or UJV that owns primarily Real Property Assets.

"Real Property UJV" means a UJV that is a Real Property Business.

"Recourse" means, with reference to any obligation or liability, any liability or obligation that is not Without Recourse to the obligor thereunder, directly or indirectly. For purposes hereof, a Person shall not be deemed to be "indirectly" liable for the liabilities or obligations of an obligor solely by reason of the fact that such Person has an ownership interest in such obligor, provided that such Person is not otherwise legally liable, directly or indirectly, for such obligor's liabilities or obligations (e.g. by reason of a guaranty or contribution obligation, by operation of law or by reason of such Person being a general partner of such obligor). A guaranty of Debt issued by Borrower or General Partner (as distinguished from a Subsidiary) shall be Recourse, but a guaranty for completion of improvements in connection with Debt shall be deemed Without Recourse, unless and except to the extent of a claim made under such guaranty that remains unpaid.

"Refinancing Mortgage" has the meaning specified in Section 12.21.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or any similar Law from time to time in effect.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or any similar Law from time to time in effect.

"Regulatory Change" means, with respect to any Bank, any change after the date of this Agreement in United States federal, state, municipal or foreign laws or regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives or requests applying to a class of banks including such Bank of or under any United States, federal, state, municipal or foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof. For purposes hereof, all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act shall be deemed to be a Regulatory Change regardless of the date enacted, adopted or issued and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities shall be deemed to be a Regulatory Change regardless of the date adopted, issued, promulgated or implemented, provided, however, that if the applicable Bank shall have implemented changes prior to the Effective Date in response to any such requests, rules, guidelines or directives, then the same shall not be deemed to be a Regulatory Change with respect to such Bank.

"REIT" means a "real estate investment trust," as such term is defined in Section 856 of the Code.

"Relevant Documents" has the meaning specified in Section 11.02.

"Replacement Bank" has the meaning specified in Section 3.07.

"Replacement Notice" has the meaning specified in Section 3.07.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived by the PBGC.

"Required Banks" means at any time the Banks having Pro Rata Shares aggregating at least 51% (excluding, however, any Defaulting Lender); provided, however, that during the existence of an Event of Default, the "Required Banks" shall be the Banks holding at least 51% of the then aggregate unpaid principal amount of the Loans (excluding, however, any Defaulting Lender); and provided, further that in the case of Swingline Loans, the amount of each Bank's funded participation interest in such Swingline Loans shall be considered for purposes hereof as if it were a direct Loan and not a participation interest, and the aggregate amount of Swingline Loans owing to Swingline Lender shall be considered for purposes hereof as reduced by the amount of such funded participation interests.

"Required Payment" has the meaning set forth in Section 10.12.

"SEC" means the United States Securities and Exchange Commission.

"SEC Reports" means the reports required to be delivered to the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Secured Indebtedness" means, at any time, that portion of Total Outstanding Indebtedness that is not Unsecured Indebtedness.

"Secured Indebtedness Adjustment" has the meaning set forth in Section 8.07.

"Solvency Certificate" means a certificate in substantially the form of EXHIBIT D, to be delivered by Borrower pursuant to the terms of this Agreement.

"Solvent" means, when used with respect to any Person, that (1) the fair value of the property of such Person, on a going concern basis, is greater than the total amount of liabilities (including, without limitation, contingent liabilities) of such Person; (2) the present fair saleable value of the assets of such Person, on a going concern basis, is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured; (3) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; (4) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged; and (5) such Person has sufficient resources, provided that such resources are prudently utilized, to satisfy all of such Person's obligations. Contingent liabilities will be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw-Hill Companies.

"Subsidiary" means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other entity, fifty percent (50%) or more of the outstanding voting stock, partnership interests or membership interests, as the case may be, of which are owned, directly or indirectly, by that Person or by one or more other Subsidiaries of that Person and over which that Person or one or more other Subsidiaries of that Person exercise sole control. For the purposes of this definition, "voting stock" means stock having voting power for the election of directors or trustees, as the case may be, whether at all times or only so long as no senior class of stock has voting power for the election of directors or trustees by reason of any contingency, and "control" means the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Swingline Commitment" has the meaning specified in Section 2.03(a).

"Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as Swingline Lender hereunder, and its permitted successors in such capacity in accordance with the terms of this Agreement.

"Swingline Loan" has the meaning set forth in Section 2.03(a).

"Total Loan Commitment" means an amount equal to the aggregate amount of all Loan Commitments.

"Total Outstanding Indebtedness" means, at any time, without duplication, the sum of Debt of the Borrower, the Borrower's Pro Rata Share of Debt in respect of Consolidated Businesses, and any Debt of UJVs to the extent Recourse to the Borrower, as determined on a consolidated basis in accordance with GAAP.

"UJVs" means, at any time, (1) investments of the Borrower that are accounted for under the equity method in the Borrower's Consolidated Financial Statements prepared in accordance with GAAP and (2) investments of the Borrower in which the Borrower owns less than 50% of the equity interests and that are consolidated in the Borrower's Consolidated Financial Statements prepared in accordance with GAAP.

"Unencumbered Assets" means, collectively, assets, reflected in the Borrower's Consolidated Financial Statements, owned in whole or in part, directly or indirectly, by Borrower and not subject to any Lien to secure all or any portion of Secured Indebtedness, and assets of Consolidated Businesses and UJVs which are not subject to any Lien to secure all or any portion of Secured Indebtedness or to any negative pledge or similar agreement, provided that any such Consolidated Business or UJV is not the borrower or guarantor of any Unsecured Indebtedness. For clarity, an agreement that conditions the ability to encumber assets upon the maintenance of one or more specified ratios but that does not generally prohibit the encumbrance of assets, or the encumbrance of specific assets, shall not constitute a negative pledge or similar agreement.

"Unencumbered Combined EBITDA" means that portion of Combined EBITDA attributable to Unencumbered Assets; provided that Unencumbered Combined EBITDA shall include only general and administrative expenses that are attributable to the management and operation of the Unencumbered Assets in accordance with GAAP and shall not include any corporate general and administrative expenses of Borrower, General Partner, Consolidated Businesses or UJVs (e.g., salaries of corporate officers).

"Unfunded Current Liability" of any Plan means the amount, if any, by which the actuarial present value of accumulated plan benefits as of the close of its most recent plan year, based upon the actuarial assumptions used by such Plan's actuary in the most recent annual valuation of such Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"Unrestricted Cash and Cash Equivalents" means Cash or Cash Equivalents owned by Borrower, and Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any Consolidated Businesses or UJV, that are not subject to any pledge, lien or control agreement, less amounts placed with third parties as deposits or security for contractual obligations.

"Unsecured Indebtedness" means, at any time, Total Outstanding Indebtedness that is not secured by a lien on assets of the Borrower, a Consolidated Business or a UJV, as the case may be.

"Unsecured Indebtedness Adjustment" has the meaning set forth in Section 8.06.

"Unsecured Interest Expense" means, for any quarter, the Borrower's Pro Rata Share of Interest Expense attributable to Total Outstanding Indebtedness constituting Unsecured Indebtedness.

"VRT Principals" means the trustees, executive officers and directors of Borrower (other than General Partner) or General Partner at any applicable time.

"Without Recourse" means, with reference to any obligation or liability, any obligation or liability for which the obligor thereunder is not liable or obligated other than as to its interest in a designated asset or assets only, subject to such exceptions to the non-recourse nature of such obligation or liability (such as, but not limited to, fraud, misappropriation, misapplication and environmental indemnities), as are usual and customary in like transactions involving institutional lenders at the time of the incurrence of such obligation or liability.

SECTION 1.02. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, and, except as otherwise provided herein, all financial data required to be delivered hereunder shall be prepared in accordance with GAAP.

SECTION 1.03. Computation of Time Periods. Except as otherwise provided herein, in this Agreement, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and words "to" and "until" each means "to but excluding".

SECTION 1.04. Rules of Construction. When used in this Agreement: (1) "or" is not exclusive; (2) a reference to a Law includes any amendment or modification to such Law; (3) a reference to a Person includes its permitted successors and permitted assigns; (4) except as provided otherwise, all references to the singular shall include the plural and vice versa; (5) except as provided in this Agreement, a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted by the Loan Documents; (6) all references to Articles or Sections shall be to Articles and Sections of this Agreement unless otherwise indicated; and (7) all Exhibits to this Agreement shall be incorporated into this Agreement.

ARTICLE II

THE LOANS

SECTION 2.01. Ratable Loans; Bid Rate Loans. (a) Subject to the terms and conditions of this Agreement, the Banks agree to make loans to Borrower as provided in this Article II.

(b) Each of the Banks severally agrees to make a loan to Borrower (each such loan by a Bank, a "Ratable Loan") in an amount up to its Loan Commitment pursuant to which such Bank shall from time to time advance and readvance to Borrower an amount equal to its Pro Rata Share of the excess (the "Available Total Loan Commitment") of the Total Loan Commitment minus the sum of (1) all previous advances (including Bid Rate Loans and Swingline Loans) made by the Banks which remain unpaid and (2) the outstanding amount of all Letters of Credit, plus, without duplication of any amount included in clause (1) above, Swingline Loans outstanding. Within the limits set forth herein, Borrower may borrow from time to time under this paragraph (b) and prepay from time to time pursuant to Section 2.10 (subject, however, to the restrictions on prepayment set forth in said Section), and thereafter reborrow pursuant to this paragraph (b). The Ratable Loans may be outstanding as: (1) Base Rate Loans; (2) LIBOR Loans; or (3) a combination of the foregoing, as Borrower shall elect and notify Administrative Agent in accordance with Section 2.14. Each LIBOR Loan, Bid Rate Loan, Base Rate Loan and Swingline Loan of each Bank shall be maintained at such Bank's Applicable Lending Office.

(c) In addition to Ratable Loans pursuant to paragraph (b) above, so long as Borrower's Credit Rating is BBB- or better by S&P (if rated by S&P) or Baa3 or better by Moody's (if rated by Moody's), one or more Banks may, at Borrower's request and in their sole discretion, make non-ratable loans which shall bear interest at the LIBOR Bid Rate in accordance with Section 2.02 (such loans being referred to in this Agreement as "Bid Rate Loans"). Borrower may borrow Bid Rate Loans from time to time pursuant to this paragraph (c) in an amount up to fifty percent (50%) of the Total Loan Commitment at the time of the borrowing (taking into account any repayments of the Loans made simultaneously therewith) (the "Bid Borrowing Limit"), provided that at no time shall the sum of all Loans outstanding plus the outstanding amount of all Letters of Credit exceed the Total Loan Commitment, and shall repay such Bid Rate Loans as required by Section 2.09, and it may thereafter reborrow pursuant to this paragraph (c) or paragraph (b) above; provided, however, that the aggregate outstanding principal amount of Bid Rate Loans at any particular time shall not exceed the Bid Borrowing Limit.

(d) The obligations of the Banks under this Agreement are several, and no Bank shall be responsible for the failure of any other Bank to make any advance of a Loan to be made by such other Bank. However, the failure of any Bank to make any advance of each Loan to be made by it hereunder on the date specified therefor shall not relieve any other Bank of its obligation to make any advance of its Loans specified hereby to be made on such date.

SECTION 2.02. Bid Rate Loans. (a) When Borrower has the Credit Rating required by Section 2.01(c) and wishes to request offers from the Banks to make Bid Rate Loans, it shall transmit to Administrative Agent by facsimile a request (a "Bid Rate Quote Request") substantially in the form of EXHIBIT G-1 so as to be received not later than 10:30 a.m. (New York time) on the fourth Banking Day prior to the date for funding of the Bid Rate Loan(s) proposed therein, specifying:

- (1) the proposed date of funding of such Bid Rate Loan(s), which shall be a Banking Day;
- (2) the aggregate amount of the Bid Rate Loans requested, which shall be at least Five Million Dollars (\$5,000,000) and an integral multiple of One Million Dollars (\$1,000,000); and
- (3) the duration of the Interest Period(s) applicable thereto, subject to the provisions of the definition of "Interest Period" in Section 1.01.

Borrower may request offers to make Bid Rate Loans for more than one (1) Interest Period in a single Bid Rate Quote Request. No Bid Rate Quote Request may be submitted by Borrower sooner than seven (7) calendar days after the submission of any other Bid Rate Quote Request.

(b) Promptly upon receipt of a Bid Rate Quote Request, Administrative Agent shall send to the Banks by facsimile an invitation (an "Invitation for Bid Rate Quotes") substantially in the form of EXHIBIT G-2, which shall constitute an invitation by Borrower to the Banks to submit Bid Rate Quotes offering to make Bid Rate Loans to which such Bid Rate Quote Request relates in accordance with this Section 2.02.

(c) (1) Each Bank may submit a Bid Rate Quote containing an offer or offers to make Bid Rate Loans in response to any Invitation for Bid Rate Quotes. Each Bid Rate Quote must comply with the requirements of this paragraph (c) and must be submitted to Administrative Agent by facsimile not later than 10:00 a.m. (New York time) on the third Banking Day prior to the proposed date of the Bid Rate Loan(s); provided that Bid Rate Quotes submitted by the Bank serving as Administrative Agent (or any Affiliate of the Bank serving as Administrative Agent) in its capacity as a Bank may be submitted, and may only be submitted, if the Bank serving as Administrative Agent or such Affiliate notifies Borrower of the terms of the offer or offers contained therein not later than fifteen (15) minutes prior to the deadline for the other Banks. Any Bid Rate Quote so made shall (subject to Borrower's satisfaction of the conditions precedent set forth in this Agreement to its entitlement to an advance) be irrevocable except with the written consent of Administrative Agent given on the instructions of Borrower. Bid Rate Loans to be funded pursuant to a Bid Rate Quote may, as provided in Section 12.16, be funded by a Bank's Designated Lender. A Bank making a Bid Rate Quote shall specify in its Bid Rate Quote whether the related Bid Rate Loans are intended to be funded by such Bank's Designated Lender, as provided in Section 12.16.

- (2) Each Bid Rate Quote shall be in substantially the form of EXHIBIT G-3 and shall in any case specify:

- (i) the proposed date of funding of the Bid Rate Loan(s);
- (ii) the principal amount of the Bid Rate Loan(s) for which each such offer is being made, which principal amount (w) may be greater than or less than the applicable Loan Commitment of the quoting Bank, (x) must be in the aggregate at least Five Million Dollars (\$5,000,000) and an integral multiple of One Hundred Thousand Dollars (\$100,000), (y) may not exceed the principal amount of Bid Rate Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Bid Rate Loans for which offers being made by such quoting Bank may be accepted;
- (iii) the margin above or below the applicable LIBOR Interest Rate (the "LIBOR Bid Margin") offered for each such Bid Rate Loan, expressed as a percentage per annum (specified to the nearest 1/1,000th of 1%) to be added to (or subtracted from) the applicable LIBOR Interest Rate;
- (iv) the applicable Interest Period; and
- (v) the identity of the quoting Bank.

A Bid Rate Quote may set forth up to three (3) separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Bid Rate Quotes.

(3) Any Bid Rate Quote shall be disregarded if it:

- (i) is not substantially in conformity with EXHIBIT G-3 or does not specify all of the information required by sub-paragraph (c)(2) above;
- (ii) contains qualifying, conditional or similar language (except for an aggregate limitation as provided in subparagraph (c)(2)(ii) above);
- (iii) proposes terms other than or in addition to those set forth in the applicable Invitation for Bid Rate Quotes (except for an aggregate limitation as provided in subparagraph (c)(2)(ii) above); or
- (iv) arrives after the time set forth in sub-paragraph (c)(1) above.

(d) Administrative Agent shall no later than 10:15 a.m. (New York City time) on the third Banking Day prior to the proposed date for the requested Bid Rate Loan notify Borrower in writing of the terms of any Bid Rate Quote submitted by a Bank that is in accordance with paragraph (c). Any subsequent Bid Rate Quote shall be disregarded by Administrative Agent unless such subsequent Bid Rate Quote is submitted solely to correct a manifest error in such former Bid Rate Quote. Administrative Agent's notice to Borrower shall specify (A) the aggregate principal amount of Bid Rate Loans for which offers have been received for each Interest Period specified in the related Bid Rate Quote Request, (B) the respective principal amounts and LIBOR Bid Margins so offered and (C) if applicable, limitations on the aggregate principal amount of Bid Rate Loans for which offers in any single Bid Rate Quote may be accepted.

(e) Not later than 11:00 a.m. (New York time) on the third Banking Day prior to the proposed date of funding of the Bid Rate Loan, Borrower shall notify Administrative Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to paragraph (d). A notice of acceptance shall be substantially in the form of EXHIBIT G-4 and shall specify the aggregate principal amount of offers for each Interest Period that are accepted. Borrower may accept any Bid Rate Quote in whole or in part; provided that:

(i) the principal amount of each Bid Rate Loan may not exceed the applicable amount set forth in the related Bid Rate Quote Request or be less than Five Million Dollars (\$5,000,000) and shall be an integral multiple of One Hundred Thousand Dollars (\$100,000);

(ii) acceptance of offers with respect to a particular Interest Period may only be made on the basis of ascending LIBOR Bid Margins offered for such Interest Period from the lowest effective cost; and

(iii) Borrower may not accept any offer that is described in subparagraph (c)(3) or that otherwise fails to comply with the requirements of this Agreement.

(f) If offers are made by two (2) or more Banks with the same LIBOR Bid Margins, for a greater aggregate principal amount than the amount in respect of which such offers are permitted to be accepted for the related Interest Period, the principal amount of Bid Rate Loans in respect of which such offers are accepted shall be allocated by Administrative Agent among such Banks as nearly as possible (in multiples of One Hundred Thousand Dollars (\$100,000), as Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Administrative Agent shall promptly (and in any event within one (1) Banking Day after such offers are accepted) notify Borrower and each such Bank in writing of any such allocation of Bid Rate Loans. Determinations by Administrative Agent of the allocation of Bid Rate Loans shall be conclusive in the absence of manifest error.

(g) In the event that Borrower accepts the offer(s) contained in one (1) or more Bid Rate Quotes in accordance with paragraph (e), the Bank(s) making such offer(s) shall make a Bid Rate Loan in the accepted amount (as allocated, if necessary, pursuant to paragraph (f)) on the date specified therefor, in accordance with the procedures specified in Section 2.05.

(h) Notwithstanding anything to the contrary contained herein, each Bank shall be required to fund its Pro Rata Share of the Available Total Loan Commitment in accordance with Section 2.01(b) despite the fact that any Bank's Loan Commitment may have been or may be exceeded as a result of such Bank's making Bid Rate Loans.

(i) A Bank who is notified that it has been selected to make a Bid Rate Loan as provided above may designate its Designated Lender (if any) to fund such Bid Rate Loan on its behalf, as described in Section 12.16. Any Designated Lender which funds a Bid Rate Loan shall on and after the time of such funding become the obligee under such Bid Rate Loan and be entitled to receive payment thereof when due. No Bank shall be relieved of its obligation to fund a Bid Rate Loan, and no Designated Lender shall assume such obligation, prior to the time the applicable Bid Rate Loan is funded.

SECTION 2.03. Swingline Loan Subfacility

(a) Swingline Commitment. Subject to the terms and conditions of this Section 2.03, Swingline Lender, in its individual capacity, agrees to make certain revolving credit loans in Dollars to Borrower (each a "Swingline Loan" and, collectively, the "Swingline Loans") from time to time during the term hereof; provided, however, that the aggregate amount of Swingline Loans outstanding at any time shall not exceed the lesser of (i) Seventy Five Million Dollars (\$75,000,000), and (ii) the Total Loan Commitment less the sum of (A) all Loans then outstanding, excluding Swingline Loans, and (B) the outstanding amount of all Letters of Credit (the "Swingline Commitment"). Subject to the limitations set forth herein, any amounts repaid in respect of Swingline Loans may be reborrowed.

(b) Swingline Borrowings.

(1) Notice of Borrowing. With respect to any Swingline Loan, Borrower shall give Swingline Lender and Administrative Agent notice in writing which is received by Swingline Lender and Administrative Agent not later than 2:00 p.m. (New York City time) on the proposed date of such Swingline Loan (and confirmed by telephone by such time), specifying (A) that a Swingline Loan is being requested, (B) the amount of such Swingline Loan, (C) the proposed date of such Swingline Loan, which shall be a Banking Day and (D) stating that no Default or Event of Default has occurred and is continuing both before and after giving effect to such Swingline Loan. Such notice shall be irrevocable.

(2) Minimum Amounts. Each Swingline Loan shall be at least Three Million Dollars (\$3,000,000) and, or an integral multiple of One Million Dollars (\$1,000,000).

(3) Repayment of Swingline Loans. Each Swingline Loan shall be due and payable on the earliest of (A) five (5) Banking Days from and including the date of such Swingline Loan, (B) the last calendar day of the month in which such Swingline Loan is made or (C) the Maturity Date. If, and to the extent, any Swingline Loans shall be due and payable on the date of any Ratable Loan, such Swingline Loans shall first be repaid from the proceeds of such Ratable Loan prior to the disbursement of the same to Borrower. If, and to the extent, a Ratable Loan is not requested prior to the earliest of the Maturity Date, the last calendar day of the month in which such Swingline Loan is made, or the end of the five (5) Banking Day period after such Swingline Loan was made, or unless Borrower shall have notified Administrative Agent and the Swingline Lender prior to 1:00 p.m. (New York City time) on the third (3rd) Banking Day after such Swingline Loan was made that Borrower intends to reimburse Swingline Lender for the amount of such Swingline Loan with funds other than proceeds of the Ratable Loans, Borrower shall be deemed to have requested a Ratable Loan comprised entirely of Base Rate Loans in the amount of the applicable Swingline Loan then outstanding, the proceeds of which shall be used to repay such Swingline Loan to Swingline Lender. In addition, if (x) Borrower does not repay a Swingline Loan on or prior to the end of such five (5) Banking Day period, or (y) a Default or Event of Default shall have occurred during such five (5) Banking Day period, Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrower and Administrative Agent, demand repayment of its Swingline Loans by way of a Ratable Loan, in which case the Borrower shall be deemed to have requested a Ratable Loan comprised entirely of Base Rate Loans in the amount of such Swingline Loans then outstanding, the proceeds of which shall be used to repay such Swingline Loans to Swingline Lender. Any Ratable Loan which is deemed requested by the Borrower in accordance with this Section 2.03(b)(3) is hereinafter referred to as a "Mandatory Borrowing". Each Bank hereby irrevocably agrees to make Ratable Loans promptly upon receipt of notice from Swingline Lender of any such deemed request for a Mandatory Borrowing in the amount and in the manner specified in the preceding sentences and on the date such notice is received by such Bank (or the next Banking Day if such notice is received after 12:00 p.m. (New York City time)) notwithstanding (I) the amount of the Mandatory Borrowing may not comply with the minimum amount of Ratable Loans otherwise required hereunder, (II) whether any conditions specified in Section 4.02 are then satisfied, (III) whether a Default or an Event of Default then exists, (IV) failure of any such deemed request for a Ratable Loan to be made by the time otherwise required in Section 2.06, (V) the date of such Mandatory Borrowing (provided that such date must be a Banking Day), or (VI) any termination of the Loan Commitments immediately prior to such Mandatory Borrowing or contemporaneously therewith; provided, however, that no Bank shall be obligated to make Ratable Loans in respect of a Mandatory Borrowing if a Default or an Event of Default then exists and the applicable Swingline Loan was made by Swingline Lender without receipt of a written notice of borrowing in the form specified in Section 2.03(b)(1) or after Administrative Agent has delivered a notice of Default or Event of Default which has not been rescinded.

(4) Purchase of Participations. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower), then each Bank hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payment received from the Borrower on or after such date and prior to such purchase) from Swingline Lender such participations in the outstanding Swingline Loans as shall be necessary to cause each such Bank to share in such Swingline Loans ratably based upon its Pro Rata Share (determined before giving effect to any termination of the Loan Commitments), provided that (A) all interest payable on the Swingline Loans with respect to any participation shall be for the account of Swingline Lender until but excluding the day upon which the Mandatory Borrowing would otherwise have occurred, and (B) in the event of a delay between the day upon which the Mandatory Borrowing would otherwise have occurred and the time any purchase of a participation pursuant to this sentence is actually made, the purchasing Bank shall be required to pay to Swingline Lender interest on the principal amount of such participation for each day from and including the day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the rate equal to the Federal Funds Rate, for the two (2) Banking Days after the date the Mandatory Borrowing would otherwise have occurred, and thereafter at a rate equal to the Base Rate. Notwithstanding the foregoing, no Bank shall be obligated to purchase a participation in any Swingline Loan if a Default or an Event of Default then exists and such Swingline Loan was made by Swingline Lender without receipt of a written notice of borrowing in the form specified in Section 2.03(b)(1) or after Administrative Agent has delivered a notice of Default or Event of Default which has not been rescinded.

(c) Interest Rate. Each Swingline Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Swingline Loan is made until the date it is repaid, at a rate per annum equal to the Base Rate plus the Applicable Margin for Base Rate Loans.

SECTION 2.04. Advances, Generally. The Initial Advance shall be at least One Million Dollars (\$1,000,000) and in an integral multiple of One Hundred Thousand Dollars (\$100,000) and shall be made upon satisfaction of the conditions set forth in Section 4.01. Subsequent advances shall be made no more frequently than weekly thereafter, upon satisfaction of the conditions set forth in Section 4.02. The amount of each advance subsequent to the Initial Advance shall, subject to Section 2.13, be at least One Million Dollars (\$1,000,000) (unless less than One Million Dollars (\$1,000,000) is available for disbursement pursuant to the terms hereof at the time of any subsequent advance, in which case the amount of such subsequent advance shall be equal to such remaining availability) and in an integral multiple of One Hundred Thousand Dollars (\$100,000). Additional restrictions on the amounts and timing of, and conditions to the making of, advances of Bid Rate Loans and Swingline Loans are set forth in Sections 2.02 and 2.03, respectively.

Each advance shall be subject, in addition to the limitations and conditions applicable to advances of the Loans generally, to Administrative Agent's receipt, on or immediately prior to the date the request for such advance is made, of a certificate from the officer requesting the advance certifying that Borrower is in compliance with all covenants enumerated in paragraphs 3(a) and 3(b) of Section 6.09 and containing covenant compliance calculations with respect to Sections 8.02 and 8.06 only, that include the proforma adjustments described below, which calculations shall demonstrate Borrower's compliance with covenants on a proforma basis.

In connection with each advance of Loan proceeds, the following proforma adjustments shall be made to the covenant compliance calculations required with respect to Sections 8.02 and 8.06 as of the end of the most recently ended calendar quarter for which financial results are required hereunder to have been reported by Borrower:

- (i) Total Outstanding Indebtedness and Unsecured Indebtedness shall be adjusted by adding thereto, respectively, all Indebtedness and Unsecured Indebtedness, respectively, that is incurred by Borrower in connection with such advance;
- (ii) Capitalization Value, shall be adjusted by adding thereto the purchase price of any Real Property Assets (including capitalized acquisition costs determined in accordance with GAAP) or the Net Equity Value of any Other Investments, together with the Borrower's Pro Rata Share of any Unrestricted Cash and Cash Equivalents, the book value of notes and mortgage loans receivable and marketable securities and the cost of non-marketable securities that are acquired in connection with such advance; and
- (iii) Capitalization Value of Unencumbered Assets shall be adjusted by adding thereto the purchase price of any Real Property Assets (including capitalized acquisition costs determined in accordance with GAAP) that are Unencumbered Assets together with Borrower's Pro Rata Share of any Unrestricted Cash and Cash Equivalents and the book value of notes and mortgage loans receivable and marketable securities and the cost of non-marketable securities that are acquired in connection with such advance.

SECTION 2.05. Procedures for Advances. In the case of advances of Ratable Loans, Borrower shall submit to Administrative Agent a request for each advance, stating the amount requested and the expected purpose for which such advance is to be used, no later than 11:00 a.m. (New York time) on the date, in the case of advances of Base Rate Loans, which is one (1) Banking Day, and, in the case of advances of LIBOR Loans, which is three (3) Banking Days, prior to the date such advance is to be made. In the case of advances of Bid Rate Loans, Borrower shall submit a Bid Rate Quote Request at the time specified in Section 2.02, accompanied by a statement of the expected purpose for which such advance is to be used. In the case of advances of Swingline Loans, Borrower shall submit a notice of borrowing at the time specified in Section 2.03, accompanied by a statement of the expected purpose for which such advance is to be used. Administrative Agent, upon its receipt and approval of the request for advance, will so notify the Banks by facsimile. Not later than 11:30 a.m. (New York time) on the date of each advance, each Bank (in the case of Ratable Loans) or the applicable Banks (in the case of Bid Rate Loans) shall, through its Applicable Lending Office and subject to the conditions of this Agreement, make the amount to be advanced by it on such day available to Administrative Agent, at Administrative Agent's Office and in immediately available funds for the account of Borrower. The amount so received by Administrative Agent shall, subject to the conditions of this Agreement, be made available to Borrower, in immediately available funds, by Administrative Agent's to an account designated by Borrower.

SECTION 2.06. Interest Periods; Renewals. In the case of the LIBOR Loans, Borrower shall select an Interest Period of any duration in accordance with the definition of Interest Period in Section 1.01, subject to the following limitations: (1) no Interest Period may extend beyond the Maturity Date; (2) if an Interest Period would end on a day which is not a Banking Day, such Interest Period shall be extended to the next Banking Day, unless such Banking Day would fall in the next calendar month, in which event such Interest Period shall end on the immediately preceding Banking Day; and (3) only eight (8) discrete segments of a Bank's Ratable Loan bearing interest at a LIBOR Interest Rate for a designated Interest Period pursuant to a particular Election, Conversion or Continuation, may be outstanding at any one time (each such segment of each Bank's Ratable Loan corresponding to a proportionate segment of each of the other Banks' Ratable Loans).

Upon notice to Administrative Agent as provided in Section 2.14, Borrower may Continue any LIBOR Loan on the last day of the Interest Period of the same or different duration in accordance with the limitations provided above.

SECTION 2.07. Interest. Borrower shall pay interest to Administrative Agent for the account of the applicable Bank on the outstanding and unpaid principal amount of the Loans, at a rate per annum as follows: (1) for Base Rate Loans at a rate equal to the Base Rate plus the Applicable Margin; (2) for LIBOR Loans at a rate equal to the applicable LIBOR Interest Rate plus the Applicable Margin; and (3) for Bid Rate Loans at a rate equal to the applicable LIBOR Bid Rate. Any principal amount not paid when due (when scheduled, at acceleration or otherwise) shall bear interest thereafter, payable on demand, at the Default Rate.

The interest rate on Base Rate Loans shall change when the Base Rate changes. Interest on Base Rate Loans, LIBOR Loans and Bid Rate Loans shall not exceed the maximum amount permitted under applicable law. Interest shall be calculated for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days.

Accrued interest shall be due and payable in arrears, (x) in the case of both Base Rate Loans and LIBOR Loans, on the first Banking Day of each calendar month and (y) in the case of Bid Rate Loans, at the expiration of the Interest Period applicable thereto, but no less frequently than once every three (3) months determined on the basis of the first (1st) day of the Interest Period applicable to the Loan in question; provided, however, that interest accruing at the Default Rate shall be due and payable on demand.

SECTION 2.08. Fees. Borrower shall, during the term of the Loans commencing as of the Closing Date, pay to Administrative Agent for the account of each Bank a facility fee computed, on the daily Loan Commitment of such Bank, by multiplying the aggregate Loan Commitments on such day by an amount equal to the daily Facility Fee, calculated on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed. The accrued facility fee shall be due and payable in arrears on the first Banking Day of January, April, July and October of each year, commencing on the first such date after the Closing Date, and upon the Maturity Date (as the case may be accelerated) or earlier termination of the Loan Commitments.

SECTION 2.09. Notes. Any Ratable Loans and Swingline Loans made by each Bank under this Agreement shall be evidenced by, and repaid with interest in accordance with, a promissory note of Borrower in the form of EXHIBIT B duly completed and executed by Borrower, in a principal amount equal to such Bank's Loan Commitment, payable to such Bank for the account of its Applicable Lending Office (each such note, as the same may hereafter be amended, modified, extended, severed, assigned, substituted, renewed or restated from time to time, including any substitute note pursuant to Section 3.07 or 12.05, a "Ratable Loan Note"). The Bid Rate Loans of the Banks shall be evidenced by a single global promissory note of Borrower in the form of EXHIBIT C, duly completed and executed by Borrower, in the principal amount of Six Hundred Twenty Five Million Dollars (\$625,000,000), subject to adjustment pursuant to Sections 2.16(a) and (c), payable to Administrative Agent for the account of the respective Banks making Bid Rate Loans (such note, as the same may hereafter be amended, modified, extended, severed, assigned, substituted, renewed or restated from time to time, the "Bid Rate Loan Note"). A particular Bank's Ratable Loan Note, together with its interest, if any, in the Bid Rate Loan Note, are referred to collectively in this Agreement as such Bank's "Note"; all such Ratable Loan Notes and interests are referred to collectively in this Agreement as the "Notes". The Ratable Loan Notes shall mature, and all outstanding principal and accrued interest and other sums thereunder shall be paid in full, on the Maturity Date, or, in the case of Swingline Loans, in accordance with Section 2.03, in either case as the same may be accelerated. The outstanding principal amount of each Bid Rate Loan evidenced by the Bid Rate Loan Note, and all accrued interest and other sums with respect thereto, shall become due and payable to the Bank making such Bid Rate Loan at the earlier of the expiration of the Interest Period applicable thereto or the Maturity Date, as the same may be accelerated.

Each Bank is hereby authorized by Borrower to endorse on the schedule attached to the Ratable Loan Note held by it, the amount of each advance, and each payment of principal received by such Bank for the account of its Applicable Lending Office(s) on account of its Ratable Loans, which endorsement shall, in the absence of manifest error, be conclusive as to the outstanding balance of the Ratable Loans made by such Bank. Administrative Agent is hereby authorized by Borrower to endorse on the schedule attached to the Bid Rate Loan Note the amount of each Bid Rate Loan, the name of the Bank making the same, the date of the advance thereof, the interest rate applicable thereto and the expiration of the Interest Period applicable thereto (i.e., the maturity date thereof). The failure by Administrative Agent or any Bank to make such notations with respect to the Loans or each advance or payment shall not limit or otherwise affect the obligations of Borrower under this Agreement or the Notes.

In connection with a Refinancing Mortgage, Borrower shall deliver to the Administrative Agent, a mortgage note, payable to the Administrative Agent for the account of the Banks, which shall be secured by the applicable Refinancing Mortgage. Such note shall be in such form as shall be requested by Borrower, subject to the Administrative Agent's reasonable approval. Each reference in this Agreement to the "Notes" shall be deemed to refer to and include any or all of such mortgage notes, as the context may require.

SECTION 2.10. Prepayments. Without prepayment premium or penalty but subject to Section 3.05, Borrower may, upon at least one (1) Banking Day's notice to Administrative Agent in the case of the Base Rate Loans, and at least three (3) Banking Days' notice to Administrative Agent in the case of LIBOR Loans, prepay the Ratable Loans, in whole or in part, provided that (1) any partial prepayment under this Section shall be in integral multiples of One Million Dollars (\$1,000,000); and (2) each prepayment under this Section shall include, at Administrative Agent's option, all interest accrued on the amount of principal prepaid to (but excluding) the date of prepayment. Borrower shall have the right to prepay Bid Rate Loans only if so provided in the Bid Rate Loan Request, and otherwise with the consent of the Bank or the Designated Lender that funded the Bid Rate Loan that Borrower desires to prepay. Borrower may, from time to time on any Banking Day so long as prior notice is given to Administrative Agent and Swingline Lender no later than 1:00 p.m. (New York City time) on the day on which Borrower intends to make such prepayment, prepay any Swingline Loans in whole or in part in amounts aggregating at least One Hundred Thousand Dollars (\$100,000), and in an integral multiple of One Hundred Thousand Dollars (\$100,000) (or, if less, the aggregate outstanding principal amount of all Swingline Loans then outstanding) by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment by initiating a wire transfer of the principal and interest on the Swingline Loans no later than 1:00 P.M. (New York City time) on such day and Borrower shall deliver a federal reference number evidencing such wire transfer to Administrative Agent as soon as available thereafter on such day.

SECTION 2.11. Method of Payment. Borrower shall make each payment under this Agreement and under the Notes not later than 1:00 p.m. (New York time) on the date when due in Dollars to Administrative Agent at Administrative Agent's Office in immediately available funds, without condition or deduction for any counterclaim, defense, recoupment or setoff. Borrower shall deliver federal reference number(s) evidencing the applicable wire transfer(s) to Administrative Agent as soon as available thereafter on such day. Administrative Agent will thereafter, on the day of its receipt of each such payment(s), cause to be distributed to each Bank (1) such Bank's appropriate share (based upon the respective outstanding principal amounts and interest due under the Notes of the Banks) of the payments of principal and interest in like funds for the account of such Bank's Applicable Lending Office; and (2) fees payable to such Bank in accordance with the terms of this Agreement. If and to the extent that the Administrative Agent shall receive any such payment for the account of the Banks on or before 11:00 a.m. (New York time) on any Banking Day, and Administrative Agent shall not have distributed to any Bank its applicable share of such payment on such day, Administrative Agent shall distribute such amount to such Bank together with interest thereon paid by the Administrative Agent, for each day from the date such amount should have been distributed to such Bank until the date Administrative Agent distributes such amount to such Bank, at the Prime Rate.

Except to the extent provided in this Agreement, whenever any payment to be made under this Agreement or under the Notes is due on any day other than a Banking Day, such payment shall be made on the next succeeding Banking Day, and such extension of time shall in such case be included in the computation of the payment of interest and other fees, as the case may be.

SECTION 2.12. Elections, Conversions or Continuation of Loans.

Subject to the provisions of Article III and Sections 2.06 and 2.13, Borrower shall have the right to Elect to have all or a portion of any advance of the Ratable Loans be LIBOR Loans, to Convert Base Rate Loans into LIBOR Loans, to Convert LIBOR Loans into Base Rate Loans, or to Continue LIBOR Loans as LIBOR Loans, at any time or from time to time, provided that: (1) Borrower shall give Administrative Agent notice of each such Election, Conversion or Continuation as provided in Section 2.14; and (2) a LIBOR Loan may be Continued or Converted only on the last day of the applicable Interest Period for such LIBOR Loan. Except as otherwise provided in this Agreement, each Election, Continuation and Conversion shall be applicable to each Bank's Ratable Loan in accordance with its Pro Rata Share.

SECTION 2.13. Minimum Amounts.

With respect to the Ratable Loans as a whole, each Election and each Conversion shall be in an amount at least equal to One Million Dollars (\$1,000,000) and in integral multiples of One Hundred Thousand Dollars (\$100,000) or such lesser amount as shall be available.

SECTION 2.14. Certain Notices Regarding Elections, Conversions and Continuations of Loans.

Notices by Borrower to Administrative Agent of Elections, Conversions and Continuations of LIBOR Loans shall be irrevocable and shall be effective only if received by Administrative Agent not later than 11:00 a.m. (New York time) on the number of Banking Days prior to the date of the relevant Election, Conversion or Continuation specified below:

<u>Notice</u>	<u>Number of Banking Days Prior</u>
Conversions into Base Rate Loans	One (1)
Elections of, Conversions into or Continuations as LIBOR Loans	Three (3)

Promptly following its receipt of any such notice, Administrative Agent shall so advise the Banks by facsimile. Each such notice of Election shall specify the portion of the amount of the advance that is to be LIBOR Loans (subject to Section 2.13) and the duration of the Interest Period applicable thereto (subject to Section 2.06); each such notice of Conversion shall specify the LIBOR Loans or Base Rate Loans to be Converted; and each such notice of Conversion or Continuation shall specify the date of Conversion or Continuation (which shall be a Banking Day), the amount thereof (subject to Section 2.13) and the duration of the Interest Period applicable thereto (subject to Section 2.06). In the event that Borrower fails to Elect to have any portion of an advance of the Ratable Loans be LIBOR Loans, the portion of such advance for which a LIBOR Loan Election is not made shall constitute Base Rate Loans. In the event that Borrower fails to Continue LIBOR Loans within the time period and as otherwise provided in this Section, such LIBOR Loans will be automatically Converted into Base Rate Loans on the last day of the then current applicable Interest Period for such LIBOR Loans.

SECTION 2.15. Payments Generally. If any Bank shall fail to make any payment required to be made by it pursuant to Section 2.03(b)(4), 2.17(h) or 10.05, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Bank for the benefit of the Administrative Agent, the Swingline Lender or the Fronting Bank to satisfy such Bank's obligations to it under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Bank under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.16. Changes of Loan Commitments.

(a) At any time, Borrower shall have the right, without premium or penalty, to terminate any unused Loan Commitments existing as of the date of such termination, in whole or in part, from time to time, provided that: (1) Borrower shall give notice of each such termination to Administrative Agent (which shall promptly notify each of the Banks) no later than 10:00 a.m. (New York time) on the date which is three (3) Banking Days prior to the effectiveness of such termination; (2) the Loan Commitments of each of the Banks must be terminated (and, in the case of a partial termination, on a pro rata basis) (taking into account, however, Section 2.02(h)) and simultaneously with those of the other Banks; and (3) each partial termination of the Loan Commitments in the aggregate (and corresponding reduction of the Total Loan Commitment) shall be in an integral multiple of One Million Dollars (\$1,000,000). A reduction of the unused Loan Commitments pursuant to this Section 2.16 shall not effect a reduction in the Swingline Commitment (unless so elected by the Borrower) until the aggregate unused Loan Commitments have been reduced to an amount equal to or less than the Swingline Commitment.

(b) The Loan Commitments and the Swingline Commitment, to the extent terminated, may not be reinstated.

(c) Unless a Default or an Event of Default has occurred and is continuing, Borrower, by written notice to Administrative Agent, may request on up to four (4) occasions during the term of this Agreement that the Total Loan Commitment be increased by an amount not less than Twenty Five Million Dollars (\$25,000,000) per request and not more than One Hundred Fifty Million Dollars (\$150,000,000) in the aggregate (such that the Total Loan Commitment after such increase shall never exceed One Billion Four Hundred Million Dollars (\$1,400,000,000)); provided that for any such request (a) the Borrower shall not have delivered an Extension Notice prior to, or simultaneously with, such request, (b) any Bank which is a party to this Agreement prior to such request for increase, at its sole discretion, may elect to increase its Loan Commitment but shall not have any obligation to so increase its Loan Commitment, and (c) in the event that each Bank does not elect to increase its Loan Commitment, the Lead Arrangers shall use commercially reasonable efforts to locate additional Qualified Institutions willing to hold commitments for the requested increase, and Borrower may also identify additional Qualified Institutions willing to hold commitments for the requested increase; provided however that Administrative Agent, the Swingline Lender and each Fronting Bank shall have the right to approve any such additional Qualified Institutions, which approval will not be unreasonably withheld or delayed. In the event that Qualified Institutions commit to any such increase, the Total Loan Commitment and the Loan Commitments of the committed Banks shall be increased, the Pro Rata Shares of the Banks shall be adjusted, new Notes shall be issued, Borrower shall make such borrowings and repayments as shall be necessary to effect the reallocation of the Ratable Loans so that the Ratable Loans are held by the Banks in accordance with their Pro Rata Shares after giving effect to such increase, and other changes shall be made to the Loan Documents as may be necessary to reflect the aggregate amount, if any, by which Banks have agreed to increase their respective Loan Commitments or make new Loan Commitments in response to the Borrower's request for an increase in the Total Loan Commitment pursuant to this Section 2.16(c), in each case without the consent of the Banks other than those Banks increasing their Loan Commitments. The fees payable by Borrower upon any such increase in the Total Loan Commitment shall be agreed upon by the Lead Arranger and Borrower at the time of such increase.

Notwithstanding the foregoing, nothing in this Section 2.16(c) shall constitute or be deemed to constitute an agreement by any Bank to increase its Loan Commitment hereunder.

SECTION 2.17. Letters of Credit

(a) Borrower, by notice to Administrative Agent and the Fronting Bank, may request, in lieu of advances of proceeds of the Ratable Loans, that the Fronting Bank issue unconditional, irrevocable standby letters of credit (each, a "Letter of Credit") for the account of Borrower or its designee (which shall be an Affiliate of Borrower) (it being understood that the issuance of a Letter of Credit for the account of a designee shall not in any way relieve Borrower of any of its obligations hereunder), payable by sight drafts, for such beneficiaries and with such other terms as Borrower shall specify. Unless the Fronting Bank has received written notice from the Administrative Agent, not less than one (1) Banking Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Section 4.02 shall not have been satisfied, then, subject to the terms and conditions hereof, the Fronting Bank, on the requested date, shall issue a Letter of Credit for the account of the Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the Fronting Bank's usual and customary business practices. Promptly upon issuance of a Letter of Credit, the Fronting Bank shall notify Administrative Agent and Administrative Agent shall notify each of the Banks by telephone or by facsimile.

(b) The amount of any such Letter of Credit shall be limited to the lesser of (1) Four Hundred Million Dollars (\$400,000,000) less the aggregate face amount of all other Letters of Credit then issued and outstanding or (2) the Available Total Loan Commitment, it being understood that the amount of each Letter of Credit issued and outstanding shall effect a reduction, by an equal amount, of the Available Total Loan Commitment as provided in Section 2.01(b) (such reduction to be allocated to each Bank's Loan Commitment ratably in accordance with the Banks' respective Pro Rata Shares).

(c) The amount of each Letter of Credit shall be further subject to the conditions and limitations applicable to amounts of advances set forth in Section 2.04 and the procedures for the issuance of each Letter of Credit shall be the same as the procedures applicable to the making of advances as set forth in the first sentence of Section 2.05.

(d) The Fronting Bank's issuance of each Letter of Credit shall be subject to Borrower's satisfaction of all conditions precedent to its entitlement to an advance of proceeds of the Loans.

(e) Each Letter of Credit shall (i) unless approved by the Administrative Agent and the Fronting Bank, expire no later than the earlier of (x) fourteen (14) days prior to the Maturity Date or (y) one (1) year after the date of its issuance (without regard to any automatic renewal provisions thereof), and (ii) be in a minimum amount of One Hundred Thousand Dollars (\$100,000), or such lesser amount approved by the Fronting Bank. In no event shall a Letter of Credit expire later than the first anniversary of the Maturity Date. Notwithstanding the foregoing, in the event that, with the approval of the Administrative Agent and the Fronting Bank, any Letters of Credit are issued and outstanding on the date that is fourteen (14) days prior to the Maturity Date, Borrower shall deliver to Administrative Agent on such date by wire transfer of immediately available funds a cash deposit in the amount of such Letters of Credit in accordance with the provisions of Section 2.17(i). Such funds shall be held by Administrative Agent in an interest bearing account and applied to repay the amount of each drawing under such Letters of Credit on or after the Maturity Date. Such funds, with any interest earned thereon, will be returned to Borrower (and may be returned from time to time with respect to any applicable Letter of Credit) on the earlier of (a) the date that the applicable Letter of Credit or Letters of Credit expire in accordance with their terms; and (b) the date that the applicable Letter of Credit or Letters of Credit are cancelled.

(f) In connection with, and as a further condition to the issuance of, each Letter of Credit, Borrower shall execute and deliver to the Fronting Bank an application for the Letter of Credit in such form, and together with such other documents, opinions and assurances, as the Fronting Bank shall reasonably require.

(g) In connection with each Letter of Credit, Borrower hereby covenants to pay (i) to Administrative Agent, quarterly in arrears (on the first Banking Day of each calendar quarter following the issuance of such Letter of Credit), a fee, payable to Administrative Agent for the account of the Banks, computed daily on the face amount of such Letter of Credit issued and outstanding at a rate per annum equal to the "Banks' L/C Fee Rate" (as hereinafter defined) and (ii) to the Fronting Bank, payable quarterly in arrears, a fee, payable to the Fronting Bank for its own account, computed daily on the amount of such Letter of Credit issued and outstanding at a rate per annum equal to 0.125%, if the Fronting Bank shall be JPMorgan Chase Bank, N.A., or such other amount as Borrower shall agree upon with such other Bank as Borrower designates as a Fronting Bank in accordance with the provisions hereof. Administrative Agent shall have no responsibility for the collection of the fee for any Letter of Credit that is payable to the Fronting Bank. For purposes of this Agreement, the "Banks' L/C Fee Rate" shall mean, provided no Event of Default has occurred and is continuing, a rate per annum equal to the Applicable Margin for LIBOR Loans and, in the event an Event of Default has occurred and is continuing, a rate per annum equal to 3%. It is understood and agreed that the last installment of the fees provided for in this paragraph (g) with respect to any particular Letter of Credit shall be due and payable on the first day of the calendar quarter following the surrender or cancellation, of such Letter of Credit.

(h) The Fronting Bank shall promptly notify Administrative Agent of any drawing under a Letter of Credit issued by such Fronting Bank. The parties hereto acknowledge and agree that, immediately upon notice from Administrative Agent of any drawing under a Letter of Credit, each Bank shall, notwithstanding the existence of a Default or Event of Default or the non-satisfaction of any conditions precedent to the making of an advance of the Loans, advance proceeds of its Ratable Loan, in an amount equal to its Pro Rata Share of such drawing, which advance shall be made to Administrative Agent for disbursement to the Fronting Bank issuing such Letter of Credit to reimburse the Fronting Bank, for its own account, for such drawing. Each of the Banks further acknowledges that its obligation to fund its Pro Rata Share of drawings under Letters of Credit as aforesaid shall survive the Banks' termination of this Agreement or enforcement of remedies hereunder or under the other Loan Documents. If any Ratable Loan cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under any applicable bankruptcy law with respect to Borrower), then each of the Banks shall purchase (on the date such Ratable Loan would otherwise have been made) from the Fronting Bank a participation interest in any unreimbursed drawing in an amount equal to its Pro Rata Share of such unreimbursed drawing.

(i) Borrower agrees, upon and during the occurrence of an Event of Default and at the request of Administrative Agent, (x) to deposit with Administrative Agent cash collateral in the amount of all the outstanding Letters of Credit, which cash collateral is hereby pledged and shall be held by Administrative Agent for the benefit of the Banks and the Fronting Banks in an account as security for Borrower's obligations in connection with the Letters of Credit and (y) to execute and deliver to Administrative Agent such documents as Administrative Agent requests to confirm and perfect the assignment of such cash collateral and such account to Administrative Agent for the benefit of the Banks. Any such cash collateral deposited with Administrative Agent shall be returned immediately to Borrower upon the cure of such Event of Default.

(j) It is hereby acknowledged and agreed by the Borrower, the Administrative Agent and all the Banks party hereto that on the Closing Date, the letters of credit previously issued by Bank of America, N.A., and/or JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank) as "Fronting Bank" under the Existing 2006 Credit Agreement shall be transferred to this Agreement and shall be deemed to be Letters of Credit hereunder.

SECTION 2.18. Extension Option. Borrower may extend the Maturity Date one time only for a period of one (1) year upon satisfaction of the following terms and conditions: (i) delivery by Borrower of a written notice to Administrative Agent (the "Extension Notice") on or before a date that is not more than one hundred twenty (120) days nor less than one (1) month prior to the Maturity Date, which Extension Notice Administrative Agent shall promptly deliver to the Banks, which Extension Notice shall include a certification dated as of the date of the Extension Notice signed by a duly authorized signatory of Borrower, stating, to the best of the certifying party's knowledge, (x) all representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the date of the Extension Notice (except in those cases where such representation or warranty expressly relates to an earlier date and except for changes in factual circumstances not prohibited under the Loan Documents), and (y) no Event of Default has occurred and is continuing; (ii) no Event of Default shall have occurred and be continuing on the original Maturity Date (the "Extension Date"), and (iii) Borrower shall pay to Administrative Agent on or before the Extension Date a fee equal to 0.25% of the Total Loan Commitment on the Extension Date, which fee shall be distributed by Administrative Agent pro rata to each of the Banks based on each Bank's Pro Rata Share. Borrower's delivery of the Extension Notice shall be irrevocable.

ARTICLE III

YIELD PROTECTION; ILLEGALITY; ETC.

SECTION 3.01. Additional Costs. Borrower shall pay directly to each Bank from time to time on demand such amounts as such Bank may reasonably determine to be necessary to compensate it for any increased costs which such Bank determines are attributable to its making or maintaining a LIBOR Loan or a Bid Rate Loan, or its obligation to make or maintain a LIBOR Loan or a Bid Rate Loan, or its obligation to Convert a Base Rate Loan to a LIBOR Loan hereunder, or any reduction in any amount receivable by such Bank hereunder in respect of its LIBOR Loan or Bid Rate Loan(s) or such obligations (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), in each case resulting from any Regulatory Change which:

(1) changes the basis of taxation of any amounts payable to such Bank under this Agreement or the Notes in respect of any such LIBOR Loan or Bid Rate Loan (other than (i) changes in the rate of general corporate, franchise, branch profit, net income or other income tax imposed on such Bank or its Applicable Lending Office or (ii) a tax described in Section 10.13); or

(2) (other than to the extent the LIBOR Reserve Requirement is taken into account in determining the LIBOR Rate at the commencement of the applicable Interest Period) imposes or modifies any reserve, special deposit, deposit insurance or assessment, minimum capital, capital ratio or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Bank (including any LIBOR Loan or Bid Rate Loan or any deposits referred to in the definition of "LIBOR Interest Rate" in Section 1.01), or any commitment of such Bank (including such Bank's Loan Commitment hereunder); or

(3) imposes any other condition (unrelated to the basis of taxation referred to in paragraph (1) above) affecting this Agreement or the Notes (or any of such extensions of credit or liabilities).

Without limiting the effect of the provisions of the first paragraph of this Section, in the event that, by reason of any Regulatory Change, any Bank becomes subject to restrictions on the amount of such a category of liabilities or assets which it may hold, then, if such Bank so elects by notice to Borrower (with a copy to Administrative Agent), the obligation of such Bank to permit Elections of, to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such Regulatory Change ceases to be in effect.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

Determinations and allocations by a Bank for purposes of this Section of the effect of any Regulatory Change pursuant to the first or second paragraph of this Section, on its costs or rate of return of making or maintaining its Loan or portions thereof or on amounts receivable by it in respect of its Loan or portions thereof, and the amounts required to compensate such Bank under this Section, shall be included in a calculation of such amounts given to Borrower and shall be conclusive absent manifest error.

Notwithstanding anything contained in this Article III to the contrary, Borrower shall only be obligated to pay any amounts due under this Section 3.01 or under Section 3.06 if, and a Bank shall not exercise any right under this Section 3.01 or Sections 3.02, 3.03, 3.04 or 3.06 unless, the applicable Bank is generally imposing a similar charge on, or otherwise similarly enforcing its agreements with, its other similarly situated borrowers. In addition, Borrower shall not be obligated to compensate any Bank under any such provision for any amounts attributable to any period which is more than one (1) year prior to such Bank's delivery of notice thereof to Borrower.

SECTION 3.02. Limitation on Types of Loans. Anything herein to the contrary notwithstanding, if, on or prior to the determination of the LIBOR Interest Rate for any Interest Period:

(1) Administrative Agent reasonably determines (which determination shall be conclusive) that quotations of interest rates for the relevant deposits referred to in the definition of "LIBOR Interest Rate" in Section 1.01 are not being provided in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for the LIBOR Loans or Bid Rate Loans as provided in this Agreement; or

(2) a Bank reasonably determines (which determination shall be conclusive) and promptly notifies Administrative Agent that the relevant rates of interest referred to in the definition of "LIBOR Interest Rate" in Section 1.01 upon the basis of which the rate of interest for LIBOR Loans or Bid Rate Loans for such Interest Period is to be determined do not adequately cover the cost to such Bank of making or maintaining such LIBOR Loan or Bid Rate Loan for such Interest Period;

then Administrative Agent shall give Borrower prompt notice thereof, and so long as such condition remains in effect, the Banks (or, in the case of the circumstances described in clause (2) above, the affected Bank) shall be under no obligation to permit Elections of LIBOR Loans, to Convert Base Rate Loans into LIBOR Loans or to Continue LIBOR Loans and Borrower shall, on the last day(s) of the then current Interest Period(s) for the affected outstanding LIBOR Loans or Bid Rate Loans, either (x) prepay the affected LIBOR Loans or Bid Rate Loans pursuant to Section 3.07 or (y) Convert the affected LIBOR Loans into Base Rate Loans in accordance with Section 2.12 or convert the rate of interest under the affected Bid Rate Loans to the rate applicable to Base Rate Loans by following the same procedures as are applicable for Conversions into Base Rate Loans set forth in Section 2.12.

SECTION 3.03. Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Bank or its Applicable Lending Office to honor its obligation to make or maintain a LIBOR Loan or Bid Rate Loan hereunder, to allow Elections or Continuations of a LIBOR Loan or to Convert a Base Rate Loan into a LIBOR Loan, then such Bank shall promptly notify Administrative Agent and Borrower thereof and such Bank's obligation to make or maintain a LIBOR Loan or Bid Rate Loan, or to permit Elections of, to Continue, or to Convert its Base Rate Loan into, a LIBOR Loan shall be suspended (in which case the provisions of Section 3.04 shall be applicable) until such time as such Bank may again make and maintain a LIBOR Loan or Bid Rate Loan.

SECTION 3.04. Treatment of Affected Loans. If the obligations of any Bank to make or maintain a LIBOR Loan or a Bid Rate Loan, or to permit an Election of a LIBOR Loan, to Continue its LIBOR Loan, or to Convert its Base Rate Loan into a LIBOR Loan, are suspended pursuant to Section 3.01 or 3.03 (each LIBOR Loan or Bid Rate Loan so affected being herein called an "Affected Loan"), such Bank's Affected Loan shall be automatically Converted into a Base Rate Loan (or, in the case of an Affected Loan that is a Bid Rate Loan, the interest rate thereon shall be converted to the rate applicable to Base Rate Loans) on the last day of the then current Interest Period for the Affected Loan (or, in the case of a Conversion or conversion resulting from Section 3.01 or 3.03, on such earlier date as such Bank may specify to Borrower).

To the extent that such Bank's Affected Loan has been so Converted (or the interest rate thereon so converted), all payments and prepayments of principal which would otherwise be applied to such Bank's Affected Loan shall be applied instead to its Base Rate Loan (or to its Bid Rate Loan bearing interest at the converted rate) and such Bank shall have no obligation to Convert its Base Rate Loan into a LIBOR Loan.

SECTION 3.05. Certain Compensation. Other than in connection with a Conversion of an Affected Loan, Borrower shall pay to Administrative Agent for the account of the applicable Bank, upon the request of such Bank through Administrative Agent which request includes a calculation of the amount(s) due, such amount or amounts as shall be sufficient (in the reasonable opinion of such Bank) to compensate it for any loss, cost or expense which such Bank reasonably determines is attributable to:

- (1) any payment or prepayment of a LIBOR Loan or Bid Rate Loan made by such Bank, or any Conversion of a LIBOR Loan (or conversion of the rate of interest on a Bid Rate Loan) made by such Bank, in any such case on a date other than the last day of an applicable Interest Period, whether by reason of acceleration or otherwise;
- (2) any failure by Borrower for any reason to Convert a LIBOR Loan or a Base Rate Loan or to Continue a LIBOR Loan, as the case may be, to be Converted or Continued by such Bank on the date specified therefor in the relevant notice under Section 2.14;
- (3) any failure by Borrower to borrow (or to qualify for a borrowing of) a LIBOR Loan or Bid Rate Loan which would otherwise be made hereunder on the date specified in the relevant Election notice under Section 2.14 or Bid Rate Quote acceptance under Section 2.02(e) given or submitted by Borrower; or

(4) any failure by Borrower to prepay a LIBOR Loan or Bid Rate Loan on the date specified in a notice of prepayment.

Without limiting the foregoing, such compensation shall include an amount equal to the present value (using as the discount rate an interest rate equal to the rate determined under (2) below) of the excess, if any, of (1) the amount of interest (less the Applicable Margin) which otherwise would have accrued on the principal amount so paid, prepaid, Converted or Continued (or not Converted, Continued or borrowed) for the period from the date of such payment, prepayment, Conversion or Continuation (or failure to Convert, Continue or borrow) to the last day of the then current applicable Interest Period (or, in the case of a failure to Convert, Continue or borrow, to the last day of the applicable Interest Period which would have commenced on the date specified therefor in the relevant notice) at the applicable rate of interest for the LIBOR Loan or Bid Rate Loan provided for herein, over (2) the amount of interest (as reasonably determined by such Bank) based upon the interest rate which such Bank would have bid in the London interbank market for Dollar deposits, for amounts comparable to such principal amount and maturities comparable to such period. A determination of any Bank as to the amounts payable pursuant to this Section shall be conclusive absent manifest error.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

SECTION 3.06. Capital Adequacy. If any Bank shall have determined that, after the date hereof, due to any Regulatory Change or the adoption of, or any change in, any applicable law, rule or regulation regarding capital adequacy, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to Administrative Agent), Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for such reduction. A certificate of any Bank claiming compensation under this Section, setting forth in reasonable detail the basis therefor, shall be conclusive absent manifest error. The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments in respect of the period prior to such termination.

SECTION 3.07. Substitution of Banks. If any Bank (an "Affected Bank") (i) makes demand upon Borrower for (or if Borrower is otherwise required to pay) Additional Costs pursuant to Section 3.01, (ii) is unable to make or maintain a LIBOR Loan or Bid Rate Loan as a result of a condition described in Section 3.03 or clause (2) of Section 3.02 or (iii) has any increased costs as described in Section 3.06, Borrower may, within ninety (90) days of receipt of such demand or notice (or the occurrence of such other event causing Borrower to be required to pay Additional Costs or other amounts or causing the condition described in Section 3.03, in clause (2) of Section 3.02 or in Section 3.06 to be applicable to occur), as the case may be, give written notice (a "Replacement Notice") to Administrative Agent and to each Bank of Borrower's intention either (x) to prepay in full the Affected Bank's Note and to terminate the Affected Bank's entire Loan Commitment or (y) to replace the Affected Bank with another financial institution (the "Replacement Bank") designated in such Replacement Notice. After its replacement, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to its replacement.

In the event Borrower opts to give the notice provided for in clause (x) above, and if the Affected Bank shall not agree within thirty (30) days of its receipt thereof to waive the payment of the Additional Costs or other amounts in question or the effect of the circumstances described in Section 3.03, in clause (2) of Section 3.02 or in Section 3.06, then, so long as no Default or Event of Default shall exist, Borrower may (notwithstanding the provisions of clause (2) of Section 2.16(a)) terminate the Affected Bank's entire Loan Commitment, provided, that in connection therewith it pays to the Affected Bank all outstanding principal and accrued and unpaid interest under the Affected Bank's Note, together with all other amounts, if any, due from Borrower to the Affected Bank, including all amounts properly demanded and unreimbursed under Sections 3.01 and 3.05. After any termination as provided in this paragraph, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to such termination.

In the event Borrower opts to give the notice provided for in clause (y) above, and if (i) Administrative Agent shall, within thirty (30) days of its receipt of the Replacement Notice, notify Borrower and each Bank in writing that the Replacement Bank is reasonably satisfactory to Administrative Agent and (ii) the Affected Bank shall not, prior to the end of such thirty (30) day period, agree to waive the payment of the Additional Costs in question or the effect of the circumstances described in Section 3.03, clause (2) of Section 3.02, or Section 3.06 then the Affected Bank shall, so long as no Default or Event of Default shall exist, assign its Note and all of its rights and obligations under this Agreement to the Replacement Bank, and the Replacement Bank shall assume all of the Affected Bank's rights and obligations, pursuant to an agreement, substantially in the form of an Assignment and Assumption Agreement, executed by the Affected Bank and the Replacement Bank. In connection with such assignment and assumption, the Replacement Bank shall pay to the Affected Bank an amount equal to the outstanding principal amount under the Affected Bank's Note plus all interest accrued thereon, plus all other amounts, if any (other than the Additional Costs in question), then due and payable to the Affected Bank; provided, however, that prior to or simultaneously with any such assignment and assumption, Borrower shall have paid to such Affected Bank all amounts properly demanded and unreimbursed under Sections 3.01 and 3.05. Upon the effective date of such assignment and assumption, the Replacement Bank shall become a Bank Party to this Agreement and shall have all the rights and obligations of a Bank as set forth in such Assignment and Assumption Agreement, and the Affected Bank shall be released from its obligations hereunder, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section, a substitute Ratable Loan Note shall be issued to the Replacement Bank by Borrower, in exchange for the return of the Affected Bank's Ratable Loan Note. The obligations evidenced by such substitute note shall constitute "Obligations" for all purposes of this Agreement and the other Loan Documents. If the Replacement Bank is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent a certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Each Replacement Bank shall be deemed to have made the representations contained in, and shall be bound by the provisions of, Section 10.13. After any assignment as provided in this paragraph, an Affected Bank shall remain entitled to the benefits of Sections 3.01, 3.06, 10.13 and 12.04 in respect of the period prior to such assignment.

Borrower, Administrative Agent and the Banks shall execute such modifications to the Loan Documents as shall be reasonably required in connection with and to effectuate the foregoing.

SECTION 3.08. Obligation of Banks to Mitigate.

Each Bank agrees that, as promptly as practicable after such Bank has actual knowledge of the occurrence of an event or the existence of a condition that would cause such Bank to become an Affected Bank or that would entitle such Bank to receive payments under Sections 3.01, 3.02, 3.03 or 3.06, it will, to the extent not inconsistent with any applicable legal or regulatory restrictions, use reasonable efforts (i) to make, issue, fund, or maintain the Loan Commitment of such Bank or the affected Loans of such Bank through another lending office of such Bank, or (ii) take such other measures as such Bank may deem reasonable, if as a result thereof the circumstances that would cause such Bank to be an Affected Bank would cease to exist or the additional amounts that would otherwise be required to be paid to such Bank pursuant to Sections 3.01, 3.02, 3.03 or 3.06 would be reduced and if, as determined by such Bank in its sole discretion, the making, issuing, funding, or maintaining of such Loan Commitment or Loans through such other lending office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Loan Commitment or Loans or would not be otherwise disadvantageous to the interests of such Bank.

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.01. Conditions Precedent to the Loans. The obligations of the Banks hereunder and the obligation of each Bank to make the Initial Advance are subject to the condition precedent that Administrative Agent shall have received on or before the Execution Date (other than with respect to paragraphs (11), (14) and (18) below, which shall be required by the Closing Date) each of the following documents, and each of the following requirements shall have been fulfilled:

- (1) Fees and Expenses. The payment of all fees and expenses owed to or incurred by Administrative Agent in connection with the origination of the Loans (including, without limitation, the reasonable fees and expenses of legal counsel);
- (2) Note. A Ratable Loan Note for each Bank and the Bid Rate Loan Note for Administrative Agent, each duly executed by Borrower;
- (3) Financial Statements. Audited Borrower's Consolidated Financial Statements as of and for the year ended December 31, 2010;

- (4) Certificates of Limited Partnership/Trust. A copy of the Certificate of Limited Partnership for Borrower and a copy of the articles of trust of General Partner, each certified by the appropriate Secretary of State or equivalent state official;
- (5) Agreements of Limited Partnership/Bylaws. A copy of the Agreement of Limited Partnership for Borrower and a copy of the bylaws of General Partner, including all amendments thereto, each certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Execution Date;
- (6) Good Standing Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the states where Borrower and General Partner are organized, dated as of the most recent practicable date, showing the good standing or partnership qualification of (i) Borrower and (ii) General Partner;
- (7) Foreign Qualification Certificates. A certified copy of a certificate from the Secretary of State or equivalent state official of the state where Borrower and General Partner maintain their principal place of business, dated as of the most recent practicable date, showing the qualification to transact business in such state as a foreign limited partnership or foreign trust, as the case may be, for (i) Borrower and (ii) General Partner;
- (8) Resolutions. A copy of a resolution or resolutions adopted by the Board of Trustees of General Partner, certified by the Secretary or an Assistant Secretary of General Partner as being in full force and effect on the Execution Date, authorizing the Loans provided for herein and the execution, delivery and performance of the Loan Documents to be executed and delivered by General Partner hereunder on behalf Borrower;
- (9) Incumbency Certificate. A certificate, signed by the Secretary or an Assistant Secretary of General Partner and dated the Execution Date, as to the incumbency, and containing the specimen signature or signatures, of the Persons authorized to execute and deliver the Loan Documents to be executed and delivered by it and Borrower hereunder;
- (10) Solvency Certificate. A Solvency Certificate, duly executed, from Borrower;
- (11) Opinion of Counsel for Borrower. Favorable opinions, dated as of the Closing Date, from counsels for Borrower and General Partner, as to such matters as Administrative Agent may reasonably request;
- (12) Authorization Letter. The Authorization Letter, duly executed by Borrower;
- (13) Intentionally Omitted.
- (14) Request for Advance. A request for an advance in accordance with Section 2.05;

(15) Certificate. The following statements shall be true and Administrative Agent shall have received a certificate dated as of the Execution Date signed by a duly authorized signatory of Borrower stating, to the best of the certifying party's knowledge, the following:

(a) All representations and warranties contained in this Agreement and in each of the other Loan Documents are true and correct on and as of the Execution Date as though made on and as of such date, and

(b) No Default or Event of Default has occurred and is continuing;

(16) Compliance Certificate. A certificate of the sort required by paragraph (3) of Section 6.09; and

(17) Insurance. Evidence of the insurance described in Section 5.17.

(18) Existing 2006 Credit Agreement. Repayment, with the proceeds of the Initial Advance, of all loans under the Existing 2006 Credit Agreement and termination of the Existing 2006 Credit Agreement (other than those provisions of the Existing 2006 Credit Agreement which, by their terms, expressly survive such termination).

SECTION 4.02. Conditions Precedent to Advances After the Initial Advance. The obligation of each Bank to make any advance of the Loans or issue any Letter of Credit subsequent to the Initial Advance shall be subject to satisfaction of the following conditions precedent:

(1) No Default or Event of Default shall have occurred and be continuing;

(2) Each of the representations and warranties of Borrower contained in this Agreement and in each of the other Loan Documents shall be true and correct as of the date of the advance (except in those cases where such representation or warranty expressly relates to an earlier date and except for changes in factual circumstances permitted hereunder); and

(3) Administrative Agent shall have received a request for an advance in accordance with Section 2.05.

SECTION 4.03. Deemed Representations. Each request by Borrower for, and acceptance by Borrower of, an advance of proceeds of the Loans or the issuance of any Letter of Credit, shall constitute a representation and warranty by Borrower that, as of both the date of such request and the date of such advance (1) no Default or Event of Default has occurred and is continuing as of the date of such advance, and (2) each of the representations and warranties by Borrower contained in this Agreement and in each of the other Loan Documents is true and correct in all material respects on and as of such date with the same effect as if made on and as of such date, except where such representation or warranty expressly relates to an earlier date and except for changes in factual circumstances not prohibited hereunder. In addition, the request by Borrower for, and acceptance by Borrower of, the Initial Advance shall constitute a representation and warranty by Borrower that, as of the Closing Date, each certificate delivered pursuant to Section 4.01 is true and correct.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Administrative Agent and each Bank as follows:

SECTION 5.01. Existence. Borrower is a limited partnership duly organized and existing under the laws of the State of Delaware, with its principal executive office in the State of New York, and is duly qualified as a foreign limited partnership, properly licensed, in good standing and has all requisite authority to conduct its business in each jurisdiction in which it owns properties or conducts business except where the failure to be so qualified or to obtain such authority would not constitute a Material Adverse Change. Each of its Consolidated Businesses is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has all requisite authority to conduct its business in each jurisdiction in which it owns property or conducts business, except where the failure to be so qualified or to obtain such authority would not constitute a Material Adverse Change. General Partner is a REIT duly organized and existing under the laws of the State of Maryland, with its principal executive office in the State of New York, is duly qualified as a foreign corporation or trust and properly licensed and in good standing in each jurisdiction where the failure to qualify or be licensed would constitute a Material Adverse Change. The common shares of beneficial interest of General Partner are listed on the New York Stock Exchange.

SECTION 5.02. Corporate/Partnership Powers. The execution, delivery and performance of this Agreement and the other Loan Documents required to be delivered by Borrower hereunder are within its partnership authority, have been duly authorized by all requisite action, and are not in conflict with the terms of any organizational instruments of such entity, or any instrument or agreement to which Borrower or General Partner is a party or by which Borrower, General Partner or any of their respective assets may be bound or affected.

SECTION 5.03. Power of Officers. The officers of General Partner executing the Loan Documents required to be delivered by it on behalf of Borrower hereunder have been duly elected or appointed and were fully authorized to execute the same at the time each such Loan Document was executed.

SECTION 5.04. Power and Authority; No Conflicts; Compliance With Laws. The execution and delivery of, and the performance of the obligations required to be performed by Borrower under, the Loan Documents do not and will not (a) violate any provision of, or, except for those which have been made or obtained, require any filing (other than SEC disclosure filings), registration, consent or approval under, any Law (including, without limitation, Regulation U), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, except for such violations, or filings, registrations, consents and approvals which if not done or obtained would not likely cause a Material Adverse Change to occur, (b) result in a breach of or constitute a default under or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which it may be a party or by which it or its properties may be bound or affected except for consents which have been obtained or which if not obtained are not likely to cause a Material Adverse Change to occur, (c) result in, or require, the creation or imposition of any Lien, upon or with respect to any of its properties now owned or hereafter acquired which would likely cause a Material Adverse Change to occur, or (d) cause it to be in default under any such Law, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument which would likely cause a Material Adverse Change to occur; to the best of its knowledge, Borrower is in compliance with all Laws applicable to it and its properties where the failure to be in compliance would cause a Material Adverse Change to occur.

SECTION 5.05. Legally Enforceable Agreements. Each Loan Document is a legal, valid and binding obligation of Borrower, enforceable in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, as well as general principles of equity.

SECTION 5.06. Litigation. Except as disclosed in General Partner's SEC Reports existing as of the date hereof, there are no investigations, actions, suits or proceedings pending or, to its knowledge, threatened against Borrower, General Partner or any of their Affiliates before any court or arbitrator or any Governmental Authority reasonably likely to (i) have a material effect on Borrower's ability to repay the Loans, (ii) result in a Material Adverse Change, or (iii) affect the validity or enforceability of any Loan Document.

SECTION 5.07. Good Title to Properties. Borrower and each of its Material Affiliates have good, marketable and legal title to all of the properties and assets each of them purports to own (including, without limitation, those reflected in the December 31, 2010 financial statements referred to in Sections 4.01(3) and 5.15 and only with exceptions which do not materially detract from the value of such property or assets or the use thereof in Borrower's and such Affiliate's businesses, and except to the extent that any such properties and assets have been encumbered or disposed of since the date of such financial statements without violating any of the covenants contained in Article VII or elsewhere in this Agreement) and except where failure to comply with the foregoing would likely result in a Material Adverse Change. Borrower and its Material Affiliates enjoy peaceful and undisturbed possession of all leased property under leases which are valid and subsisting and are in full force and effect, except to the extent that the failure to be so would not likely result in a Material Adverse Change.

SECTION 5.08. Taxes. Borrower has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments and governmental charges and levies due and payable without the imposition of a penalty, including interest and penalties, except to the extent they are the subject of a Good Faith Contest or where the failure to comply with the foregoing would not likely result in a Material Adverse Change.

SECTION 5.09. ERISA. To the knowledge of Borrower, each Plan is in compliance in all material respects with its terms and all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred with respect to any Plan that, assuming the taxable period of the transaction expired as of the date hereof, could subject Borrower, General Partner or any ERISA Affiliate to a tax or penalty imposed under Section 4975 of the Code or Section 502(i) of ERISA in an amount that is in excess of \$250,000; no Reportable Event has occurred with respect to any Plan within the last six (6) years; no notice of intent to terminate a Plan has been filed nor has any Plan been terminated within the past five (5) years, except that effective March 31, 2008, in compliance with applicable laws, Borrower and one of its Subsidiaries each terminated their respective tax-qualified defined-benefit Plans; Borrower is not aware of any circumstances which constitutes grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, a Plan, nor has the PBGC instituted any such proceedings; Borrower, General Partner and the ERISA Affiliates have met the minimum funding requirements of Section 412 of the Code and Section 302 of ERISA of each with respect to the Plans of each and except as disclosed in the Borrower's Consolidated Financial Statements there was no Unfunded Current Liability with respect to any Plan established or maintained by each as of the last day of the most recent plan year of each Plan; and Borrower, General Partner and the ERISA Affiliates have not incurred any liability to the PBGC under ERISA (other than for the payment of premiums under Section 4007 of ERISA) which is due and payable for more than 45 days and has not been reserved against. None of the assets of Borrower or General Partner under this Agreement constitute "plan assets" of any "employee benefit plan" within the meaning of ERISA or of any "plan" within the meaning of Section 4975(e)(1) of the Code, as interpreted by the Internal Revenue Service and the U.S. Department of Labor in rules, regulations, releases or bulletins or as interpreted under applicable case law.

SECTION 5.10. No Default on Outstanding Judgments or Orders. Borrower has satisfied all judgments which are not being appealed and is not in default with respect to any rule or regulation or any judgment, order, writ, injunction or decree applicable to Borrower, of any court, arbitrator or federal, state, municipal or other Governmental Authority, commission, board, bureau, agency or instrumentality, domestic or foreign, in each case which is likely to result in a Material Adverse Change.

SECTION 5.11. No Defaults on Other Agreements. Except as disclosed to the Bank Parties in writing or as disclosed in General Partner's SEC Reports existing as of the date hereof, Borrower, to the best of its knowledge, is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any partnership, trust or other restriction which is likely to result in a Material Adverse Change. To the best of its knowledge, Borrower is not in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument which is likely to result in a Material Adverse Change.

SECTION 5.12. Government Regulation. Neither Borrower nor General Partner is subject to regulation under the Investment Company Act of 1940.

SECTION 5.13. Environmental Protection. To Borrower's knowledge, except as disclosed in General Partner's SEC Reports existing as of the date hereof, none of Borrower's or its Affiliates' properties contains any Hazardous Materials that, under any Environmental Law currently in effect, (1) would impose liability on Borrower that is likely to result in a Material Adverse Change, or (2) is likely to result in the imposition of a Lien on any assets of Borrower or any Material Affiliates that is likely to result in a Material Adverse Change. To Borrower's knowledge, neither it nor any Material Affiliates are in violation of, or subject to any existing, pending or threatened investigation or proceeding by any Governmental Authority under any Environmental Law that is likely to result in a Material Adverse Change.

SECTION 5.14. Solvency. Borrower is, and upon consummation of the transactions contemplated by this Agreement, the other Loan Documents and any other documents, instruments or agreements relating thereto, will be, Solvent.

SECTION 5.15. Financial Statements. Borrower's Consolidated Financial Statements most recently delivered to the Banks prior to the date of this Agreement are in all material respects complete and fairly present the financial condition and results of operations of the subjects thereof as of the dates of and for the periods covered by such statements, all in accordance with GAAP. There has been no Material Adverse Change since the date of such most recently delivered Borrower's Consolidated Financial Statements.

SECTION 5.16. Valid Existence of Affiliates. Each Material Affiliate is an entity duly organized and existing in good standing under the laws of the jurisdiction of its formation. As to each Material Affiliate, its correct name, the jurisdiction of its formation, Borrower's direct or indirect percentage of beneficial interest therein, and the type of business in which it is primarily engaged, are set forth on EXHIBIT F. Borrower and each of its Material Affiliates have the power to own their respective properties and to carry on their respective businesses now being conducted. Each Material Affiliate is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the respective businesses conducted by it or its respective properties, owned or held under lease, make such qualification necessary and where the failure to be so qualified would likely cause a Material Adverse Change.

SECTION 5.17. Insurance. Each of Borrower and each of its Material Affiliates has in force paid insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated.

SECTION 5.18. Accuracy of Information; Full Disclosure. Neither this Agreement nor any documents, financial statements, reports, notices, schedules, certificates, statements or other writings furnished by or on behalf of Borrower to Administrative Agent or any Bank in connection with the negotiation of this Agreement or the consummation of the transactions contemplated hereby, required herein to be furnished by or on behalf of Borrower (other than projections which are made by Borrower in good faith) or certified as being true and correct by or on behalf of the Borrower to the Administrative Agent or any Bank in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so certified) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. There is no fact which Borrower has not disclosed to Administrative Agent and the Banks in writing or that is not included in General Partner's SEC Reports that materially affects adversely or, so far as Borrower can now reasonably foresee, will materially affect adversely the business or financial condition of Borrower or the ability of Borrower to perform this Agreement and the other Loan Documents.

SECTION 5.19. Use of Proceeds. All proceeds of the Loans will be used by Borrower for any purpose permitted by law, including, without limitation, repayment of all loans under the Existing 2006 Credit Agreement. Neither the making of any Loan nor the use of the proceeds thereof nor any other extension of credit hereunder will violate the provisions of Regulations T, U, or X of the Federal Reserve Board. No Swingline Loan shall be used more than once for the purpose of refinancing another Swingline Loan, in whole or part.

SECTION 5.20. Governmental Approvals. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of any Loan Document or the consummation of any of the transactions contemplated thereby other than those that have already been duly made or obtained and remain in full force and effect or those which, if not made or obtained, would not likely result in a Material Adverse Change.

SECTION 5.21. Principal Offices. As of the Closing Date, the principal office, chief executive office and principal place of business of Borrower is 888 Seventh Avenue, New York, NY 10106.

General Partner Status

- (1) General Partner is qualified and General Partner intends to continue to qualify as a REIT.
- (2) As of the date hereof, the General Partner owns no assets other than ownership interests in Borrower or as disclosed on SCHEDULE 2A attached hereto.
- (3) The General Partner is neither the borrower nor guarantor of any Debt except as disclosed on SCHEDULE 3 attached hereto.

SECTION 5.22. Labor Matters. Except as disclosed on EXHIBIT I, (i) as of the date hereof, there are no collective bargaining agreements or Multiemployer Plans covering the employees of Borrower, General Partner, or any ERISA Affiliate and (ii) neither Borrower, General Partner, nor any ERISA Affiliate has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years which would likely result in a Material Adverse Change.

SECTION 5.23. Organizational Documents. The documents delivered pursuant to Section 4.01(4) and (5) constitute, as of the Closing Date, all of the organizational documents of the Borrower and General Partner. Borrower represents that it has delivered to Administrative Agent true, correct and complete copies of each such documents. General Partner is the general partner of the Borrower. General Partner holds (directly or indirectly) not less than ninety percent (90%) of the ownership interests in Borrower as of the Execution Date.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any of the Notes shall remain unpaid or the Loan Commitments remain in effect, or any other amount is owing by Borrower to any Bank hereunder or under any other Loan Document, Borrower shall:

SECTION 6.01. Maintenance of Existence. Preserve and maintain its legal existence and, if applicable, good standing in its jurisdiction of organization and, if applicable, qualify and remain qualified as a foreign entity in each jurisdiction in which such qualification is required, except to the extent that failure to so qualify would not likely result in a Material Adverse Change.

SECTION 6.02. Maintenance of Records. Keep adequate records and books of account, in which entries will be made in accordance with GAAP in all material respects, except as disclosed in Borrower's financial statements, reflecting all of its financial transactions.

SECTION 6.03. Maintenance of Insurance. At all times, maintain and keep in force, and cause each of its Material Affiliates to maintain and keep in force, insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage thereof.

SECTION 6.04. Compliance with Laws; Payment of Taxes. Comply in all material respects with all Laws applicable to it or to any of its properties or any part thereof, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon any of its property, except to the extent they are the subject of a Good Faith Contest or the failure to so comply would not cause a Material Adverse Change.

SECTION 6.05. Right of Inspection. At any reasonable time and from time to time upon reasonable notice, but not more frequently than twice in any 12-month period provided that no Event of Default shall have occurred and be outstanding, permit Administrative Agent or any Bank or any agent or representative thereof (provided that, at Borrower's request, Administrative Agent or such Bank, or such representative, must be accompanied by a representative of Borrower), to examine and make copies and abstracts from the records and books of account of, and visit the properties of, Borrower and to discuss the affairs, finances and accounts of Borrower with the independent accountants of Borrower. The request by any Bank or agent or representative thereof for such an inspection shall be made to the Administrative Agent and the Administrative Agent promptly shall notify all the Banks of such request (or if the Administrative Agent shall have requested the same on its behalf, the Administrative Agent shall notify all the Banks thereof) and any Bank that shall so desire may accompany Administrative Agent or such Bank, or such representative on such examination.

SECTION 6.06. Compliance With Environmental Laws. Comply in all material respects with all applicable Environmental Laws and immediately pay or cause to be paid all costs and expenses incurred in connection with such compliance, except to the extent there is a Good Faith Contest or the failure to so comply would not likely cause a Material Adverse Change.

SECTION 6.07. Payment of Costs. Pay all fees and expenses of the Administrative Agent required for the satisfaction of the conditions of this Agreement.

SECTION 6.08. Maintenance of Properties. Do all things reasonably necessary to maintain, preserve, protect and keep its and its Affiliates' properties in good repair, working order and condition except where the failure to do so would not result in a Material Adverse Change.

SECTION 6.09. Reporting and Miscellaneous Document Requirements. Furnish to Administrative Agent (which shall promptly distribute to each of the Banks):

(1) Annual Financial Statements. As soon as available and in any event within ninety-five (95) days after the end of each Fiscal Year, the Borrower's Consolidated Financial Statements as of the end of and for such Fiscal Year, audited by Borrower's Accountants;

(2) Quarterly Financial Statements. As soon as available and in any event within fifty (50) days after the end of each calendar quarter (other than the last quarter of the Fiscal Year), the unaudited Borrower's Consolidated Financial Statements as of the end of and for such calendar quarter, reviewed by Borrower's Accountants;

(3) Certificate of No Default and Financial Compliance. Within fifty (50) days after the end of each of the first three quarters of each Fiscal Year and within ninety-five (95) days after the end of each Fiscal Year, a certificate of the chief financial officer or treasurer of General Partner (a) stating that, to the best of his or her knowledge, no Default or Event of Default has occurred and is continuing, or if a Default or Event of Default has occurred and is continuing, specifying the nature thereof and the action which is proposed to be taken with respect thereto; (b) stating that the covenants contained in Article VIII have been complied with (or specifying those that have not been complied with) and including computations demonstrating such compliance (or non-compliance); (c) setting forth all items comprising Total Outstanding Indebtedness (including amount, maturity, interest rate and amortization requirements), Capitalization Value, Secured Indebtedness, Combined EBITDA, Unencumbered Combined EBITDA, Interest Expense, Unsecured Interest Expense and Unsecured Indebtedness; and (d) only at the end of each Fiscal Year an estimate of Borrower's taxable income;

(4) Certificate of Borrower's Accountants. Within ninety-five (95) days after the end of each Fiscal Year, a report with respect thereto of Borrower's Accountants, which report shall be unqualified, except as provided in the second sentence of this clause (4), and shall state that such financial statements fairly present the consolidated financial position of each of the Borrower and its Subsidiaries as at the dates indicated and the consolidated results of their operations and cash flows for the periods indicated, in conformity with GAAP applied on a basis consistent with prior years (except for changes which shall have been disclosed in the notes to the financial statements). In the event that such report is qualified, a copy of the Borrower's Accountants' communications with those charged with governance or any similar report delivered to the General Partner or to any officer or employee thereof by Borrower's Accountants in connection with such financial statements (which letter or report shall be subject to the confidentiality limitations set forth herein), as well as a statement of Borrower's Accountants to the effect that in connection with their audit, nothing came to their attention that caused them to believe that the Borrower failed to comply with the terms, covenants, provisions or conditions of Article VIII, insofar as they relate to financial and accounting matters.

(5) Notice of Litigation. Promptly after the commencement and knowledge thereof, notice of all actions, suits, and proceedings before any court or arbitrator, affecting Borrower which, if determined adversely to Borrower is likely to result in a Material Adverse Change and which would be required to be reported in Borrower's SEC Reports;

(6) Notice of ERISA Events. Promptly after the occurrence thereof, notice of any action or event described in clauses (c), (d) or (f) of Section 9.01(7);

(7) Notices of Defaults and Events of Default. As soon as possible and in any event within ten (10) days after Borrower becomes aware of the occurrence of a material Default or any Event of Default a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken with respect thereto;

(8) Sales or Acquisitions of Assets. Promptly after the occurrence thereof, written notice of any Disposition or acquisition of an individual asset (other than acquisitions or Dispositions of investments such as certificates of deposit, Treasury securities and money market deposits in the ordinary course of Borrower's cash management) in excess of Five Hundred Million Dollars (\$500,000,000) and, in the case of any acquisition of such an asset, within ten (10) Banking Days after Administrative Agent's request, copies of the agreements governing the acquisition and historical financial information and Borrower's summary analysis with respect to the property acquired;

(9) Material Adverse Change. As soon as is practicable and in any event within five (5) days after knowledge of the occurrence of any event or circumstance which is likely to result in or has resulted in a Material Adverse Change and which would be required to be reported in Borrower's SEC Reports, written notice thereof;

(10) Bankruptcy of Tenants. Promptly after becoming aware of the same, written notice of the bankruptcy, insolvency or cessation of operations of any tenant in any Real Property Asset of Borrower or in which Borrower has an interest to which four percent (4%) or more of aggregate annual minimum rent payable to Borrower directly or through its Consolidated Businesses or UJVs is attributable;

(11) Offices. Thirty (30) days' prior written notice of any change in the principal executive office of Borrower;

(12) Environmental and Other Notices. As soon as possible and in any event within thirty (30) days after receipt, copies of all Environmental Notices received by Borrower which are not received in the ordinary course of business and which relate to a previously undisclosed situation which is likely to result in a Material Adverse Change;

(13) Insurance Coverage. Promptly, such information concerning Borrower's insurance coverage as Administrative Agent may reasonably request;

(14) Proxy Statements, Etc. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports which Borrower or General Partner sends to its respective shareholders, and copies of all regular, periodic and special reports, and all registration statements, which Borrower or General Partner files with the SEC or any Governmental Authority which may be substituted therefor, or with any national securities exchange;

(15) Rent Rolls. If reasonably requested by the Administrative Agent, a rent roll, tenant sales report and operating statement for each Consolidated Business that is a Real Property Business or indirectly owned in whole or in part by Borrower;

(16) Capital Expenditures. If reasonably requested by the Administrative Agent, a schedule of such Fiscal Year's capital expenditures and a budget for the next Fiscal Year's planned capital expenditures for each Consolidated Business that is a Real Property Business;

(17) Change in Borrower's Credit Rating. Within two (2) Banking Days after Borrower's receipt of notice of any change in Borrower's Credit Rating, written notice of such change; and

General Information. Promptly, such other information respecting the condition or operations, financial or otherwise, of Borrower or any properties of Borrower as Administrative Agent or any Bank may from time to time reasonably request.

ARTICLE VII

NEGATIVE COVENANTS

So long as any of the Notes shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank hereunder or under any other Loan Document, Borrower shall not do any or all of the following:

SECTION 7.01. Mergers, Etc. Without the Required Banks' consent (which shall not be unreasonably withheld) merge or consolidate with (except where Borrower or General Partner is the surviving entity, or in a transaction of which the purpose is to redomesticate such entity in another United States jurisdiction, and no Default or Event of Default has occurred and is continuing), or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) or enter into any agreement to do any of the foregoing. Without the Required Banks' consent (which shall not be unreasonably withheld) neither Borrower nor General Partner shall liquidate, wind up or dissolve (or suffer any liquidation or dissolution) or discontinue its business.

SECTION 7.02. Distributions.

Distribute cash and other property to the General Partner except only in anticipation of payment by the General Partner of dividends to its shareholders.

SECTION 7.03. Amendments to Organizational Documents.

(a) Amend Borrower's agreement of limited partnership or other organizational documents in any manner that would result in a Material Adverse Change without the Required Banks' consent, which consent shall not be unreasonably withheld. Without limitation of the foregoing, no Person shall be admitted as a general partner of the Borrower other than General Partner.

(b) Make any "in-kind" transfer of any of Borrower's property or assets to any of Borrower's constituent partners if such transfer would result in an Event of Default, without, in each case, the Required Banks' consent, which consent shall not be unreasonably withheld.

ARTICLE VIII

FINANCIAL COVENANTS

So long as any of the Notes shall remain unpaid, or the Loan Commitments remain in effect, or any other amount is owing by Borrower to Administrative Agent or any Bank under this Agreement or under any other Loan Document, Borrower shall not permit or suffer:

SECTION 8.01. Equity Value. At any time, Equity Value to be less than Three Billion Dollars (\$3,000,000,000).

SECTION 8.02. Ratio of Total Outstanding Indebtedness to Capitalization Value. At any time, Total Outstanding Indebtedness to exceed sixty percent (60%) of Capitalization Value; provided, however, with respect to any fiscal quarter in which Borrower or any of its Consolidated Businesses or UJVs have acquired Real Property Assets, the ratio of Total Outstanding Indebtedness to Capitalization Value as of the end of such fiscal quarter and the next succeeding fiscal quarter may increase to 65%, provided such ratio does not exceed 60% as of the end of the fiscal quarter immediately thereafter; for purposes of this covenant, (i) Total Outstanding Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Total Outstanding Indebtedness that by its terms is either (1) scheduled to mature on or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents, and (ii) Capitalization Value shall be adjusted by deducting therefrom the amount by which Total Outstanding Indebtedness is adjusted under clause (i); for purposes of determining Capitalization Value for this covenant only, (A) costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA, and (B) Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 and without inclusion of Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.03. Intentionally Omitted

SECTION 8.04. Ratio of Combined EBITDA to Fixed Charges. The ratio of Combined EBITDA to Fixed Charges, each measured as of the most recently ended calendar quarter, to be less than 1.40 to 1.00.

SECTION 8.05. Ratio of Unencumbered Combined EBITDA to Unsecured Interest Expense. The ratio of Unencumbered Combined EBITDA to Unsecured Interest Expense, each measured as of the most recently ended calendar quarter, to be less than 1.50 to 1.00.

SECTION 8.06. Ratio of Unsecured Indebtedness to Capitalization Value of Unencumbered Assets. At any time, Unsecured Indebtedness to exceed sixty percent (60%) of Capitalization Value of Unencumbered Assets; provided, however, with respect to any fiscal quarter in which Borrower or any of its Consolidated Businesses or UJVs has acquired Real Property Assets, the ratio of Unsecured Indebtedness to Capitalization Value of Unencumbered Assets as of the end of such fiscal quarter and the next succeeding fiscal quarter may increase to 65%, provided such ratio does not exceed 60% as of the end of the fiscal quarter immediately thereafter; for purposes of this covenant, (i) Unsecured Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Unsecured Indebtedness that by its terms is either (1) scheduled to mature on or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents or such lesser amount of Unrestricted Cash and Cash Equivalents as Borrower shall specify for this purpose (the "Unsecured Indebtedness Adjustment"), and (ii) Capitalization Value shall be adjusted by deducting therefrom the Unsecured Indebtedness Adjustment; for purposes of determining Capitalization Value of Unencumbered Assets for this covenant only, costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA; and for purposes of clause (i)(y) above, Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 as well as any Unrestricted Cash and Cash Equivalents used to determine the Secured Indebtedness Adjustment in Section 8.07, and without inclusion of Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.07. Ratio of Secured Indebtedness to Capitalization Value. The ratio of Secured Indebtedness to Capitalization Value, each measured as of the most recently ended calendar quarter, to exceed 50%; for purposes of this covenant, (i) Secured Indebtedness shall be adjusted by deducting therefrom an amount equal to the lesser of (x) Secured Indebtedness that by its terms is either (1) scheduled to mature on or before the date that is 24 months from the date of calculation, or (2) convertible Debt with the right to put all or a portion thereof on or before the date that is 24 months from the date of calculation, and (y) Unrestricted Cash and Cash Equivalents or such lesser amount of Unrestricted Cash and Cash Equivalents as Borrower shall specify for this purpose (the "Secured Indebtedness Adjustment"), and (ii) Capitalization Value shall be adjusted by deducting therefrom the Secured Indebtedness Adjustment; for purposes of determining Capitalization Value for this covenant only, costs and expenses incurred during the applicable period with respect to acquisitions that failed to close and were abandoned during such period shall not be deducted in determining EBITDA; and for purposes of clause (i)(y) above, Unrestricted Cash and Cash Equivalents shall be adjusted to deduct therefrom \$35,000,000 as well as any Unrestricted Cash and Cash Equivalents used to determine the Unsecured Indebtedness Adjustment in Section 8.06, and without inclusion of Borrower's Pro Rata Share of any Cash or Cash Equivalents owned by any UJV.

SECTION 8.08. Debt of the General Partner. Notwithstanding anything contained herein to the contrary, any Debt of the General Partner shall be deemed to be Debt of the Borrower (provided that the same shall be without duplication), for purposes of calculating the financial covenants set forth in this Article VIII.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.01. Events of Default. Any of the following events shall be an "Event of Default":

(1) If Borrower shall fail to pay the principal of any Loans as and when due; or fail to pay interest accruing on any Loans as and when due and such failure to pay shall continue unremedied for five (5) days after the due date of such amount; or fail to pay any fee or any other amount due under this Agreement or any other Loan Document as and when due and such failure to pay shall continue unremedied for five (5) days after notice by Administrative Agent of such failure to pay;

(2) If any representation or warranty made or deemed made by Borrower in this Agreement or in any other Loan Document or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with a Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made;

(3) If Borrower shall fail (a) to perform or observe any term, covenant or agreement contained in Article VII or Article VIII; or (b) to perform or observe any term, covenant or agreement contained in this Agreement (other than obligations specifically referred to elsewhere in this Section 9.01) and such failure shall remain unremedied for thirty (30) consecutive calendar days after notice thereof; provided, however, that if any such default under clause (b) above cannot by its nature be cured within such thirty (30) day grace period and so long as Borrower shall have commenced cure within such thirty (30) day grace period and shall, at all times thereafter, diligently prosecute the same to completion, Borrower shall have an additional period to cure such default; provided, however, that, in no event, is the foregoing intended to effect an extension of the Maturity Date;

(4) If Borrower shall fail (a) to pay any Debt (other than the payment obligations described in paragraph (1) of this Section 9.01 or obligations that are recourse to Borrower solely for fraud, misappropriation, environmental liability and other normal and customary bad-act carveouts to nonrecourse obligations) the Recourse portion of which to Borrower is an amount equal to or greater than Fifty Million Dollars (\$50,000,000) when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) after the expiration of any applicable grace period, or (b) to perform or observe any material term, covenant, or condition under any agreement or instrument relating to any such Debt, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, after the giving of notice or the lapse of time, or both (other than in cases where, in the judgment of the Required Banks, meaningful discussions likely to result in (i) a waiver or cure of the failure to perform or observe, or (ii) otherwise averting such acceleration are in progress between Borrower and the obligee of such Debt), the maturity of such Debt, or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled or otherwise required prepayment, repurchase or defeasance), prior to the stated maturity thereof;

(5) If either Borrower or General Partner shall (a) generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; (b) make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; (c) commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (d) have had any such petition or application filed or any such proceeding shall have been commenced, against it, in which an adjudication or appointment is made or order for relief is entered, or which petition, application or proceeding remains undismissed or unstayed for a period of sixty (60) days or more; (e) be the subject of any proceeding under which all or a substantial part of its assets may be subject to seizure, forfeiture or divestiture by any governmental entity; (f) by any act or omission indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any substantial part of its property; or (g) suffer any such custodianship, receivership or trusteeship for all or any substantial part of its property, to continue undischarged for a period of sixty (60) days or more;

(6) If one or more judgments, decrees or orders for the payment of money in excess of Fifty Million Dollars (\$50,000,000) in the aggregate shall be rendered against Borrower or General Partner, and any such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal;

(7) If any of the following events shall occur or exist with respect to any Plan: (a) any Prohibited Transaction; (b) any Reportable Event; (c) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (d) receipt of notice of an application by the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the PBGC of any such proceedings; (e) a condition exists which gives rise to imposition of a lien under Section 412(n) or (f) of the Code on Borrower, General Partner or any ERISA Affiliate, and in each case above, if either (1) such event or conditions, if any, result in Borrower, General Partner or any ERISA Affiliate being subject to any tax, penalty or other liability to a Plan, the PBGC or otherwise (or any combination thereof), which in the aggregate exceeds or is reasonably likely to exceed Twenty Million Dollars (\$20,000,000), and the same continues unremedied or unpaid for a period of forty-five (45) consecutive days or (2) such event or conditions, if any, is reasonably likely to result in Borrower, General Partner or any ERISA Affiliate being subject to any tax, penalty or other liability to a Plan, the PBGC or otherwise (or any combination thereof), which in the aggregate exceeds or may exceed Twenty Million Dollars (\$20,000,000);

(8) If General Partner shall fail at any time to (i) maintain at least one class of its common shares which has trading privileges on the New York Stock Exchange or the American Stock Exchange or is the subject of price quotations in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System, or (ii) maintain its status as a self-directed and self-administered REIT, and in either case such failure shall remain unremedied for thirty (30) consecutive calendar days after notice thereof;

(9) If General Partner acquires any material assets other than additional interests in Borrower or as permitted by Borrower's partnership agreement and shall fail to dispose of any such material asset for thirty (30) consecutive calendar days after notice thereof;

(10) If at any time assets of the Borrower or General Partner constitute Plan assets for ERISA purposes (within the meaning of C.F.R. § 2510.3-101); or

(11) A default beyond applicable notice and grace periods (if any) under any of the other Loan Documents.

SECTION 9.02. Remedies. If any Event of Default shall occur and be continuing, Administrative Agent shall, upon request of the Required Banks, by notice to Borrower, (1) terminate the Loan Commitments, whereupon the Loan Commitments shall terminate and the Banks shall have no further obligation to extend credit hereunder; and/or (2) declare the unpaid balance of the Notes, all interest thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon such balance, all such interest, and all such amounts due under this Agreement shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower; and/or (3) exercise any remedies provided in any of the Loan Documents or by law; provided, however, that upon the occurrence of any Event of Default specified in Section 9.01(5), the Loan Commitments shall automatically terminate (and the Banks shall have no further obligation to extend credit hereunder) and the unpaid balance of the Notes, all interest thereon, and all other amounts payable under this Agreement shall automatically be and become forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower.

ARTICLE X

ADMINISTRATIVE AGENT; RELATIONS AMONG BANKS

SECTION 10.01. Appointment, Powers and Immunities of Administrative Agent. Each Bank hereby irrevocably appoints and authorizes Administrative Agent to act as its agent hereunder and under any other Loan Document with such powers as are specifically delegated to Administrative Agent by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto. Administrative Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and any other Loan Document or required by law, and shall not by reason of this Agreement be a fiduciary or trustee for any Bank except to the extent that Administrative Agent acts as an agent with respect to the receipt or payment of funds (nor shall Administrative Agent have any fiduciary duty to Borrower nor shall any Bank have any fiduciary duty to Borrower or to any other Bank). Administrative Agent shall not be responsible to the Banks for any recitals, statements, representations or warranties made by Borrower or any officer, partner or official of Borrower or any other Person contained in this Agreement or any other Loan Document, or in any certificate or other document or instrument referred to or provided for in, or received by any of them under, this Agreement or any other Loan Document, or for the value, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document or instrument referred to or provided for herein or therein, for the perfection or priority of any Lien securing the Obligations or for any failure by Borrower to perform any of its obligations hereunder or thereunder. Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither Administrative Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. Borrower shall pay any fee agreed to by Borrower and Administrative Agent with respect to Administrative Agent's services hereunder. Notwithstanding anything to the contrary contained in this Agreement, Administrative Agent agrees with the Banks that Administrative Agent shall perform its obligations under this Agreement in good faith according to the same standard of care as that customarily exercised by it in administering its own revolving credit loans.

SECTION 10.02. Reliance by Administrative Agent. Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telefax or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent. Administrative Agent may deem and treat each Bank as the holder of the Loan made by it for all purposes hereof and shall not be required to deal with any Person who has acquired a participation in any Loan or participation from a Bank. As to any matters not expressly provided for by this Agreement or any other Loan Document, Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Banks, and such instructions of the Required Banks and any action taken or failure to act pursuant thereto shall be binding on all of the Banks and any other holder of all or any portion of any Loan or participation.

SECTION 10.03. Defaults. Administrative Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default (other than an Event of Default pursuant to Section 9.01(1)) unless Administrative Agent has received notice from a Bank or Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default." In the event that Administrative Agent receives such a notice of the occurrence of a Default or Event of Default, Administrative Agent shall give prompt notice thereof to the Banks. Administrative Agent, following consultation with the Banks, shall (subject to Section 10.07 and Section 12.02) take such action with respect to such Default or Event of Default which is continuing as shall be directed by the Required Banks; provided that, unless and until Administrative Agent shall have received such directions, Administrative Agent may take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Banks; and provided further that Administrative Agent shall not send a notice of Default, Event of Default or acceleration to Borrower without the approval of the Required Banks. In no event shall Administrative Agent be required to take any such action which it determines to be contrary to law.

SECTION 10.04. Rights of Agent as a Bank. With respect to its Loan Commitment and the Loan provided by it, each Person serving as an Agent in its capacity as a Bank hereunder shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as such Agent, and the term any "Bank" or "Banks" shall include each Person serving as an Agent in its capacity as a Bank. Each Person serving as an Agent and its Affiliates may (without having to account therefor to any Bank) accept deposits from, lend money to (on a secured or unsecured basis), and generally engage in any kind of banking, trust or other business with, Borrower (and any Affiliates of Borrower) as if it were not acting as such Agent.

SECTION 10.05. Indemnification of Agents. Each Bank agrees to indemnify each Agent (to the extent not reimbursed under Section 12.04 or under the applicable provisions of any other Loan Document, but without limiting the obligations of Borrower under Section 12.04 or such provisions), for its Pro Rata Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of this Agreement, any other Loan Document or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses which Borrower is obligated to pay under Section 12.04) or under the applicable provisions of any other Loan Document or the enforcement of any of the terms hereof or thereof or of any such other documents or instruments; provided that no Bank shall be liable for (1) any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified, (2) any loss of principal or interest with respect to the Loan of any Person serving as an Agent or (3) any loss suffered by such Agent in connection with a swap or other interest rate hedging arrangement entered into with Borrower.

SECTION 10.06. Non-Reliance on Agents and Other Banks. Each Bank agrees that it has, independently and without reliance on any Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of Borrower and the decision to enter into this Agreement and that it will, independently and without reliance upon any Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any other Loan Document. Each Agent shall not be required to keep itself informed as to the performance or observance by Borrower of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or to inspect the properties or books of Borrower. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by any Agent hereunder, each Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of Borrower (or any Affiliate of Borrower) which may come into the possession of such Agent or any of its Affiliates. Each Agent shall not be required to file this Agreement, any other Loan Document or any document or instrument referred to herein or therein for record, or give notice of this Agreement, any other Loan Document or any document or instrument referred to herein or therein, to anyone.

SECTION 10.07. Failure of Administrative Agent to Act. Except for action expressly required of Administrative Agent hereunder, Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have received further assurances (which may include cash collateral) of the indemnification obligations of the Banks under Section 10.05 in respect of any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

SECTION 10.08. Resignation or Removal of Administrative Agent. Administrative Agent shall have the right to resign at any time. Administrative Agent may be removed at any time with cause by the Required Banks, provided that Borrower and the other Banks shall be promptly notified in writing thereof. Upon any such removal or resignation, the Required Banks shall have the right to appoint a successor Administrative Agent which successor Administrative Agent, so long as it is reasonably acceptable both to the Required Banks and, provided that no Default or Event of Default shall then exist, the Borrower, shall be that Bank then having the greatest Loan Commitment. If no successor Administrative Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within thirty (30) days after the Required Banks' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be one of the Banks. The Required Banks or the retiring Administrative Agent, as the case may be, shall upon the appointment of a successor Administrative Agent promptly so notify in writing Borrower and the other Banks. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The rights and duties of Administrative Agent to be vested in any successor Administrative Agent shall include, without limitation, the rights and duties as Swingline Lender. After any retiring Administrative Agent's removal hereunder as Administrative Agent, the provisions of this Article X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

SECTION 10.09. Amendments Concerning Agency Function. Notwithstanding anything to the contrary contained in this Agreement, Administrative Agent shall not be bound by any waiver, amendment, supplement or modification of this Agreement or any other Loan Document which affects its duties, rights, and/or function hereunder or thereunder unless it shall have given its prior written consent thereto.

SECTION 10.10. Liability of Administrative Agent. Administrative Agent shall not have any liabilities or responsibilities to Borrower on account of the failure of any Bank to perform its obligations hereunder or to any Bank on account of the failure of Borrower to perform its obligations hereunder or under any other Loan Document.

SECTION 10.11. Transfer of Agency Function. Without the consent of Borrower or any Bank, Administrative Agent may at any time or from time to time transfer its functions as Administrative Agent hereunder to any of its offices wherever located in the United States, provided that Administrative Agent shall promptly notify in writing Borrower and the Banks thereof.

SECTION 10.12. Non-Receipt of Funds by Administrative Agent. Unless Administrative Agent shall have received notice from a Bank or Borrower (either one as appropriate being the "Payor") prior to the date on which such Bank is to make payment hereunder to Administrative Agent of the proceeds of a Loan or Borrower is to make payment to Administrative Agent, as the case may be (either such payment being a "Required Payment"), which notice shall be effective upon receipt, that the Payor will not make the Required Payment in full to Administrative Agent, Administrative Agent may assume that the Required Payment has been made in full to Administrative Agent on such date, and Administrative Agent in its sole discretion may, but shall not be obligated to, in reliance upon such assumption, make the amount thereof available to the intended recipient on such date. If and to the extent the Payor shall not have in fact so made the Required Payment in full to Administrative Agent, the recipient of such payment shall repay to Administrative Agent forthwith on demand such amount made available to it together with interest thereon, for each day from the date such amount was so made available by Administrative Agent until the date Administrative Agent recovers such amount, at the customary rate set by Administrative Agent for the correction of errors among Banks for three (3) Banking Days and thereafter at the Base Rate.

SECTION 10.13. Withholding Taxes. Each Bank represents at all times during the term of this Agreement that it is entitled to receive any payments to be made to it hereunder without the withholding of any tax and will furnish to Administrative Agent and Borrower such forms, certifications, statements and other documents as Administrative Agent or Borrower may request from time to time to evidence such Bank's exemption from the withholding of any tax imposed by any jurisdiction or to enable Administrative Agent or Borrower to comply with any applicable Laws or regulations relating thereto. Without limiting the effect of the foregoing, if any Bank is not created or organized under the laws of the United States of America or any state thereof, such Bank will furnish to Administrative Agent and Borrower Form W-8ECI or Form W-8BEN of the United States Internal Revenue Service; or such other forms, certifications, statements or documents, duly executed and completed by such Bank as evidence of such Bank's complete exemption from the withholding of United States tax with respect thereto. Administrative Agent shall not be obligated to make any payments hereunder to such Bank in respect of any Loan or participation or such Bank's Loan Commitment or obligation to purchase participations until such Bank shall have furnished to Administrative Agent and Borrower the requested form, certification, statement or document.

SECTION 10.14. Pro Rata Treatment. Except to the extent otherwise provided, (1) each advance of proceeds of the Ratable Loans shall be made by the Banks, (2) each reduction of the amount of the Total Loan Commitment under Section 2.16 shall be applied to the Loan Commitments of the Banks and (3) each payment of the facility fee accruing under Section 2.08 shall be made for the account of the Banks, ratably according to the amounts of their respective Loan Commitments.

SECTION 10.15. Sharing of Payments Among Banks. If a Bank shall obtain payment of any principal of or interest on any Loan made by it through the exercise of any right of setoff, banker's lien or counterclaim, or by any other means (including direct payment), and such payment results in such Bank receiving a greater payment than it would have been entitled to had such payment been paid directly to Administrative Agent for disbursement to the Banks, then such Bank shall promptly purchase for cash from the other Banks participations in the Loans made by the other Banks in such amounts, and make such other adjustments from time to time as shall be equitable to the end that all the Banks shall share ratably the benefit of such payment. To such end the Banks shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. Borrower agrees that any Bank so purchasing a participation in the Loans made by other Banks may exercise all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation. Nothing contained herein shall require any Bank to exercise any such right or shall affect the right of any Bank to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness of Borrower.

SECTION 10.16. Possession of Documents. Each Bank shall keep possession of its own Ratable Loan Note. Administrative Agent shall hold all the other Loan Documents and related documents in its possession and maintain separate records and accounts with respect thereto, and shall permit the Banks and their representatives access at all reasonable times to inspect such Loan Documents, related documents, records and accounts.

SECTION 10.17. Syndication Agents and Documentation Agents. The Banks serving as Syndication Agents or Documentation Agents shall have no duties or obligations in such capacities.

ARTICLE XI

NATURE OF OBLIGATIONS

SECTION 11.01. Absolute and Unconditional Obligations. Borrower acknowledges and agrees that its obligations and liabilities under this Agreement and under the other Loan Documents shall be absolute and unconditional irrespective of (1) any lack of validity or enforceability of any of the Obligations, any Loan Documents, or any agreement or instrument relating thereto; (2) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from any Loan Documents or any other documents or instruments executed in connection with or related to the Obligations; (3) any exchange or release of any collateral, if any, or of any other Person from all or any of the Obligations; or (4) any other circumstances which might otherwise constitute a defense available to, or a discharge of, Borrower or any other Person in respect of the Obligations.

The obligations and liabilities of Borrower under this Agreement and the other Loan Documents shall not be conditioned or contingent upon the pursuit by any Bank or any other Person at any time of any right or remedy against Borrower, General Partner or any other Person which may be or become liable in respect of all or any part of the Obligations or against any collateral or security or guarantee therefor or right of setoff with respect thereto.

SECTION 11.02. Non-Recourse to VRT Principals and the General Partner. This Agreement and the obligations hereunder and under the other Loan Documents are fully recourse to Borrower. Notwithstanding anything to the contrary contained in this Agreement, in any of the other Loan Documents, or in any other instruments, certificates, documents or agreements executed in connection with the Loans (all of the foregoing, for purposes of this Section, hereinafter referred to, individually and collectively, as the "Relevant Documents"), and notwithstanding any applicable law that would make the General Partner liable for the debts or obligations of the Borrower, including as a general partner, no recourse under or upon any Obligation, representation, warranty, promise or other matter whatsoever shall be had against any of the VRT Principals or the General Partner, and each Bank expressly waives and releases, on behalf of itself and its successors and assigns, all right to assert any liability whatsoever under or with respect to the Relevant Documents against, or to satisfy any claim or obligation arising thereunder against, any of the VRT Principals or the General Partner or out of any assets of the VRT Principals or the General Partner, provided, however, that nothing in this Section shall be deemed to (1) release Borrower from any liability pursuant to, or from any of its obligations under, the Relevant Documents, or from liability for its fraudulent actions or fraudulent omissions; (2) release any VRT Principals or the General Partner from personal liability arising outside of the terms of this Agreement for its, his or her own fraudulent actions, fraudulent omissions, misappropriation of funds, rents or insurance proceeds, gross negligence or willful misconduct; (3) constitute a waiver of any obligation evidenced or secured by, or contained in, the Relevant Documents or affect in any way the validity or enforceability of the Relevant Documents; or (4) limit the right of Administrative Agent and/or the Banks to proceed against or realize upon any collateral hereafter given for the Loans or any and all of the assets of Borrower (notwithstanding the fact that the VRT Principals and the General Partner have an ownership interest in Borrower and, thereby, an interest in the assets of Borrower) or to name Borrower (or, to the extent that the same are required by applicable law or are determined by a court to be necessary parties in connection with an action or suit against Borrower or any collateral hereafter given for the Loans, the General Partner) as a party defendant in, and to enforce against any collateral hereafter given for the Loans and/or assets of Borrower any judgment obtained by Administrative Agent and/or the Banks with respect to, any action or suit under the Relevant Documents so long as no judgment shall be taken (except to the extent taking a judgment is required by applicable law or determined by a court to be necessary to preserve Administrative Agent's and/or Banks' rights against any collateral hereafter given for the Loans or Borrower, but not otherwise) or shall be enforced against any of the VRT Principals or the General Partner or their assets.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. Binding Effect of Request for Advance. Borrower agrees that, by its acceptance of any advance of proceeds of the Loans under this Agreement or the issuance of any Letter of Credit, it shall be bound in all respects by the request for advance or Letter of Credit submitted on its behalf in connection therewith with the same force and effect as if Borrower had itself executed and submitted the request for advance or Letter of Credit and whether or not the request for advance is executed and/or submitted by an authorized person.

SECTION 12.02. Amendments and Waivers. No amendment or material waiver of any provision of this Agreement or any other Loan Document nor consent to any material departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Banks and, solely for purposes of its acknowledgment thereof, Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Banks do any of the following: (1) forgive or reduce the principal of, or interest on, the Notes or any fees due hereunder or any other amount due hereunder or under any other Loan Document; (2) postpone or extend any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts due hereunder or under any other Loan Document; (3) change the definition of Required Banks; (4) amend this Section 12.02 or any other provision requiring the consent of all the Banks; (5) waive any default in payment under paragraph (1) of Section 9.01 or any default under paragraph (5) of Section 9.01; (6) increase or decrease any Loan Commitment of any Bank (except changes in Loan Commitments pursuant to Section 2.16); (7) release any guaranty (other than a guaranty given pursuant to Section 12.22); (8) permit the expiration date of any Letter of Credit to be later than the first anniversary of the Maturity Date; or (9) permit the assignment or transfer by the Borrower of any of its rights or obligations hereunder or under any other Loan Document except in a transaction permitted pursuant to Section 7.01; and provided further, that (A) an amendment, waiver or consent relating to the time specified for payment of principal, interest and fees with respect to Bid Rate Loans shall only be binding if in writing and signed by the affected Bank or Designated Lender and (B) an amendment, waiver or consent relating to the Swingline Loans shall only be binding if in writing and signed by the Swingline Lender. Any advance of proceeds of the Loans made prior to or without the fulfillment by Borrower of all of the conditions precedent thereto, whether or not known to Administrative Agent and the Banks, shall not constitute a waiver of the requirement that all conditions, including the non-performed conditions, shall be required with respect to all future advances. No failure on the part of Administrative Agent or any Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. All communications from Administrative Agent to the Banks requesting the Banks' determination, consent, approval or disapproval (i) shall be given in the form of a written notice to each Bank, (ii) shall be accompanied by a description of the matter or thing as to which such determination, approval, consent or disapproval is requested and (iii) shall include Administrative Agent's recommended course of action or determination in respect thereof. Each Bank shall reply promptly, but in any event within fifteen (15) Banking Days (or five (5) Banking Days with respect to any decision to accelerate or stop acceleration of the Loan) after receipt of the request therefor by Administrative Agent (the "Bank Reply Period"). Unless a Bank shall give written notice to Administrative Agent that it objects to the recommendation or determination of Administrative Agent within the Bank Reply Period, such Bank shall be deemed to have approved or consented to such recommendation or determination.

Intentionally Omitted.

SECTION 12.04. Expenses; Indemnification. Borrower agrees to reimburse Administrative Agent on demand for all reasonable costs, expenses, and charges (including, without limitation, all reasonable fees and charges of engineers, appraisers and external legal counsel) incurred by Administrative Agent in connection with the Loans and to reimburse each of the Banks for reasonable legal costs, expenses and charges incurred by each of the Banks in connection with the performance or enforcement of this Agreement, the Notes, or any other Loan Documents; provided, however, that Borrower is not responsible for costs, expenses and charges incurred by the Bank Parties in connection with the administration or syndication of the Loans (other than any administration fee payable to Administrative Agent). Borrower agrees to indemnify Administrative Agent and each Bank and their respective directors, officers, employees, agents and affiliates from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of (x) any claims by brokers due to acts or omissions by Borrower, (y) any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to any actual or proposed use by Borrower of the proceeds of the Loans, including without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings or (z) third party claims or actions against any Bank or Administrative Agent relating to or arising from this Agreement and the transactions contemplated pursuant to this Agreement provided, however, that such indemnification shall exclude any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the person to be indemnified.

The obligations of Borrower under this Section shall survive the repayment of all amounts due under or in connection with any of the Loan Documents and the termination of the Loan Commitments.

SECTION 12.05. Assignment; Participation. (a) This Agreement shall be binding upon, and shall inure to the benefit of, Borrower, Administrative Agent, the Banks and their respective successors and permitted assigns. Except as provided in Section 7.01, the Borrower may not assign or transfer any of its rights or obligations hereunder or under any other Loan Document without the prior written consent of all the Banks (and any attempted such assignment or transfer without such consent shall be null and void).

(b) Subject to Section 12.05(e), prior to the occurrence of an Event of Default, any Bank may at any time, grant to an existing Bank or one or more banks, finance companies, insurance companies or other entities (a "Participant") in minimum amounts of not less than \$5,000,000 (or any lesser amount in the case of participations to an existing Bank) participating interests in its Loan Commitment or any or all of its Loans. After the occurrence and during the continuance of an Event of Default, any Bank may at any time grant to any Person in any amount (also a "Participant"), participating interests in its Loan Commitment or any or all of its Loans. Any participation made during the continuation of an Event of Default shall not be affected by the subsequent cure of such Event of Default. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not upon notice to Borrower and Administrative Agent, such Bank shall remain responsible for the performance of its obligations hereunder, and Borrower and Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of Borrower hereunder and under any other Loan Document including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (1), (2), (3), (4), (5), (6) or (7) of Section 12.02 without the consent of the Participant (subject to the final proviso of the first sentence of Section 12.02). The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article III with respect to its participating interest.

(c) Subject to Section 12.05(e), any Bank may at any time assign to a Qualified Institution (in each case, an "Assignee") (i) prior to the occurrence of an Event of Default, in minimum amounts of not less than Five Million Dollars (\$5,000,000) and integral multiples of One Million Dollars (\$1,000,000) thereafter (or any lesser amount in the case of assignments to an existing Bank) and (ii) after the occurrence and during the continuance of an Event of Default, in any amount, all or a proportionate part of all, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and, in either case, such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement executed by such Assignee and such transferor Bank; provided, that such assignment shall be subject to the consent of the Administrative Agent and the Fronting Bank and if no Event of Default shall have occurred and be continuing, the consent of Borrower, which consents shall not be unreasonably withheld or delayed; and provided further that if an Assignee is a Bank Affiliate of such transferor Bank or was a Bank immediately prior to such assignment, no such consents shall be required; and provided further that such assignment may, but need not, include rights of the transferor Bank in respect of outstanding Bid Rate Loans. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, such Assignee shall be a Bank party to this Agreement and shall have all the rights and obligations of a Bank with a Loan Commitment as set forth in such Assignment and Assumption Agreement, and no further consent or action by any party shall be required and the transferor Bank shall be released from its obligations hereunder to a corresponding extent. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Bank, Administrative Agent and Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment (other than an assignment by a Bank to an affiliate), the transferor Bank shall pay to Administrative Agent an administrative fee for processing such assignment in the amount of \$3,500. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 10.13. Any assignment made during the continuation of an Event of Default shall not be affected by any subsequent cure of such Event of Default. Any consent required hereunder shall be given or denied within ten (10) Banking Days after receipt by the applicable Person of request therefor; any failure to respond within such ten (10) Banking Day period shall be deemed a denial.

(d) Any Bank may at any time assign all or any portion of its rights under this Agreement and its Note to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

(e) Except as provided in Section 12.05(d), so long as no Event of Default shall have occurred and be continuing, no Bank shall be permitted to enter into an assignment of, or sell a participation interest in, its Loans and Loan Commitment, which would result in such Bank holding Loans and a Loan Commitment, without Participants, of less than Ten Million Dollars (\$10,000,000) unless as a result of a decrease of the aggregate Loan Commitments pursuant to Section 2.16; provided, however, that no Bank shall be prohibited from assigning its entire Loans and Commitment so long as such assignment is otherwise permitted hereby.

(f) Borrower recognizes that in connection with a Bank's selling of Participations or making of assignments, any or all documentation, financial statements and other data, or copies thereof, relevant to Borrower or the Loans may be exhibited to and retained by any such Participant or assignee or prospective Participant or assignee. In connection with a Bank's delivery of any financial statements and appraisals to any such Participant or assignee or prospective Participant or assignee, such Bank shall also indicate that the same are delivered on a confidential basis. Borrower agrees to provide all assistance reasonably requested by a Bank to enable such Bank to sell Participations or make assignments of its Loan and Loan Commitment as permitted by this Section 12.05. Each Bank agrees to provide Borrower with advance notice of all Participations to be sold by such Bank.

SECTION 12.06. Documentation Satisfactory. All documentation required from or to be submitted on behalf of Borrower in connection with this Agreement and the documents relating hereto shall be subject to the prior approval of, and be satisfactory in form and substance to, Administrative Agent, its counsel and, where specifically provided herein, the Banks. In addition, the persons or parties responsible for the execution and delivery of, and signatories to, all of such documentation, shall be acceptable to, and subject to the approval of, Administrative Agent and its counsel and the Banks.

SECTION 12.07. Notices. Unless the party to be notified otherwise notifies the other parties in writing as provided in this Section, and except as otherwise provided in this Agreement, notices shall be given to Administrative Agent by telephone, confirmed by writing, and to the Banks and to Borrower by ordinary mail or overnight courier or telecopy, receipt confirmed, addressed to such party at its address on the signature page of this Agreement. Notices shall be effective: (1) if by telephone, at the time of such telephone conversation, (2) if given by mail, three (3) calendar days after mailing; (3) if given by overnight courier, upon receipt; and (4) if given by telecopy, upon receipt.

SECTION 12.08. Setoff. Upon the occurrence of an Event of Default, to the extent permitted or not expressly prohibited by applicable law, Borrower agrees that, in addition to (and without limitation of) any right of setoff, bankers' lien or counterclaim a Bank may otherwise have, each Bank shall be entitled, at its option, to offset balances (general or special, time or demand, provisional or final) held by it for the account of Borrower at any of such Bank's offices, in Dollars or in any other currency, against any amount payable by Borrower to such Bank under this Agreement or such Bank's Note, or any other Loan Document, which is not paid when due (regardless of whether such balances are then due to Borrower or General Partner), in which case it shall promptly notify Borrower and Administrative Agent thereof; provided that such Bank's failure to give such notice shall not affect the validity thereof. Payments by Borrower hereunder or under the other Loan Documents shall be made without setoff or counterclaim.

SECTION 12.09. Table of Contents; Headings. Any table of contents and the headings and captions hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

SECTION 12.10. Severability. The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

SECTION 12.11. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

SECTION 12.12. Integration. The Loan Documents set forth the entire agreement among the parties hereto relating to the transactions contemplated thereby (except with respect to agreements relating solely to compensation, consideration and the coordinated syndication of the Loan) and supersede any prior oral or written statements or agreements with respect to such transactions.

SECTION 12.13. Governing Law. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of New York.

SECTION 12.14. Waivers. To the extent permitted or not expressly prohibited by applicable law, in connection with the obligations and liabilities as aforesaid, Borrower hereby waives (1) notice of any actions taken by any Bank Party under this Agreement, any other Loan Document or any other agreement or instrument relating hereto or thereto except to the extent otherwise provided herein; (2) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 12.14, might constitute grounds for relieving Borrower of its obligations hereunder; (3) any requirement that any Bank Party protect, secure, perfect or insure any Lien on any collateral or exhaust any right or take any action against Borrower or any other Person or any collateral; (4) any right or claim of right to cause a marshalling of the assets of Borrower; and (5) all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under the Bankruptcy Code) or otherwise by reason of payment by Borrower, pursuant to this Agreement or any other Loan Document.

SECTION 12.15. Jurisdiction; Immunities. Borrower, Administrative Agent and each Bank hereby irrevocably submit to the exclusive jurisdiction of any New York State or United States Federal court sitting in New York City over any action or proceeding arising out of or relating to this Agreement, the Notes or any other Loan Document. Borrower, Administrative Agent, and each Bank irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or United States Federal court. Borrower, Administrative Agent, and each Bank irrevocably consent to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Borrower, Administrative Agent or each Bank, as the case may be, at the addresses specified herein. Borrower, Administrative Agent and each Bank agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Borrower, Administrative Agent and each Bank further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of forum non conveniens. Borrower, Administrative Agent and each Bank agree that any action or proceeding brought against Borrower, Administrative Agent or any Bank, as the case may be, shall be brought only in a New York State court sitting in New York City or a United States Federal court sitting in New York City, to the extent permitted or not expressly prohibited by applicable law.

Nothing in this Section shall affect the right of Borrower, Administrative Agent or any Bank to serve legal process in any other manner permitted by law.

To the extent that Borrower, Administrative Agent or any Bank have or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Borrower, Administrative Agent and each Bank hereby irrevocably waive such immunity in respect of its obligations under this Agreement, the Notes and any other Loan Document.

BORROWER, ADMINISTRATIVE AGENT AND EACH BANK WAIVE ANY RIGHT EACH SUCH PARTY MAY HAVE TO JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT WITH RESPECT TO THIS AGREEMENT, THE NOTES OR THE LOAN. IN ADDITION, BORROWER HEREBY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO THE NOTES, ANY RIGHT BORROWER MAY HAVE (1) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, TO INTERPOSE ANY COUNTERCLAIM THEREIN (OTHER THAN A COUNTERCLAIM THAT IF NOT BROUGHT IN THE SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS COULD NOT BE BROUGHT IN A SEPARATE SUIT, ACTION OR PROCEEDING OR WOULD BE SUBJECT TO DISMISSAL OR SIMILAR DISPOSITION FOR FAILURE TO HAVE BEEN ASSERTED IN SUCH SUIT, ACTION OR PROCEEDING BROUGHT BY ADMINISTRATIVE AGENT OR THE BANKS) OR (2) TO THE EXTENT PERMITTED OR NOT EXPRESSLY PROHIBITED BY APPLICABLE LAW, TO HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT BORROWER FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST ADMINISTRATIVE AGENT OR THE BANKS WITH RESPECT TO ANY ASSERTED CLAIM.

To the extent not prohibited by applicable law, Borrower shall not assert, and Borrower hereby waives, any claim against any Bank or any Agent, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, any Loan or other extension of credit hereunder or the use of the proceeds thereof.

SECTION 12.16. Designated Lender. Any Bank (other than an Affected Bank or a Bank which is such solely because it is a Designated Lender) (each, a "Designating Lender") may at any time designate one (1) Designated Lender to fund Bid Rate Loans on behalf of such Designating Lender subject to the terms of this Section and the provisions in Section 12.05 shall not apply to such designation. No Bank may designate more than one (1) Designated Lender. The parties to each such designation shall execute and deliver to Administrative Agent for its acceptance a Designation Agreement. Upon such receipt of an appropriately completed Designation Agreement executed by a Designating Lender and a designee representing that it is a Designated Lender, Administrative Agent will accept such Designation Agreement and give prompt notice thereof to Borrower, whereupon, (i) from and after the "Effective Date" specified in the Designation Agreement, the Designated Lender shall become a party to this Agreement with a right to make Bid Rate Loans on behalf of its Designating Lender pursuant to Section 2.02 after Borrower has accepted the Bid Rate Quote of the Designating Lender and (ii) the Designated Lender shall not be required to make payments with respect to any obligations in this Agreement except to the extent of excess cash flow of such Designated Lender which is not otherwise required to repay obligations of such Designated Lender which are then due and payable; provided, however, that regardless of such designation and assumption by the Designated Lender, the Designating Lender shall be and remain obligated to Borrower, Administrative Agent and the Banks for each and every of the obligations of the Designating Lender and its related Designated Lender with respect to this Agreement, including, without limitation, any indemnification obligations under Section 10.05. Each Designating Lender shall serve as the administrative agent of its Designated Lender and shall on behalf of, and to the exclusion of, the Designated Lender (i) receive any and all payments made for the benefit of the Designated Lender and (ii) give and receive all communications and notices and take all actions hereunder, including, without limitation, votes, approvals, waivers and consents under or relating to this Agreement and the other Loan Documents. Any such notice, communication, vote, approval, waiver or consent shall be signed by the Designating Lender as administrative agent for the Designated Lender and shall not be signed by the Designated Lender on its own behalf, but shall be binding on the Designated Lender to the same extent as if actually signed by the Designated Lender. Borrower, Administrative Agent and the Banks may rely thereon without any requirement that the Designated Lender sign or acknowledge the same. No Designated Lender may assign or transfer all or any portion of its interest hereunder or under any other Loan Document, other than assignments to the Designating Lender which originally designated such Designated Lender.

SECTION 12.17. No Bankruptcy Proceedings. Each of Borrower, the Banks and Administrative Agent hereby agrees that it will not institute against any Designated Lender or join any other Person in instituting against any Designated Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state bankruptcy or similar law, for 366 days after the payment in full of the latest maturing commercial paper note issued by such Designated Lender.

SECTION 12.18. Intentionally Omitted.

USA Patriot Act. Each Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower and the General Partner, which information includes the name and address of the Borrower and the General Partner and other information that will allow such Bank to identify the Borrower and the General Partner in accordance with the Act. The Borrower shall provide such information and take such actions as are reasonably requested by the Administrative Agent or any Bank in order to assist the Administrative Agent and the Banks in maintaining compliance with applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Act.

Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Lender, then the following provisions shall apply for so long as such Bank is a Defaulting Lender:

(a) fees shall cease to accrue on the Loan Commitment of such Defaulting Lender pursuant to Section 2.08;

(b) the Loan Commitment of such Defaulting Lender shall not be included in determining whether the Required Banks have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 12.02); provided, that (i) such Defaulting Lender's Loan Commitment may not be increased or extended without its consent and (ii) the principal amount of, or interest or fees payable on, Loans or Letters of Credit may not be reduced or excused or the scheduled date of payment may not be postponed as to such Defaulting Lender without such Defaulting Lender's consent;

(c) if any Swingline Loan or Letters of Credit are outstanding at the time such Bank becomes a Defaulting Lender then:

(1) all or any part of such Defaulting Lender's Pro Rata Share of such Swingline Loans and/or Letters of Credit shall be reallocated among the non-Defaulting Lenders in accordance with their respective Pro Rata Shares but only to the extent (A) the sum of all non-Defaulting Lenders' Pro Rata Shares of Loans (other than Bid Rate Loans) plus such Defaulting Lender's Pro Rata Share of Swingline Loans and Letters of Credit does not exceed (B) the total of all non-Defaulting Lenders' Loan Commitments;

(2) to the extent the reallocation described in clause (1) above cannot be effected, Borrower shall within one Banking Day following notice by the Administrative Agent (x) first, prepay such Defaulting Lender's Pro Rata Share of the Swingline Loans and (y) second, cash collateralize for the benefit of the Fronting Bank only the Borrower's obligations corresponding to such Defaulting Lender's Pro Rata Share of the Letters of Credit (after giving effect to any partial reallocation pursuant to clause (1) above) in accordance with the procedures set forth in Section 2.17(e) for so long as such Letters of Credit are outstanding or until such time and to the extent that, as a result of the paydown of the Loans, the reallocation described in clause (1) above can be effected;

(3) if Borrower cash collateralizes any portion of such Defaulting Lender's Pro Rata Share of the Letters of Credit pursuant to clause (2) above, Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.17(g) with respect to such Defaulting Lender's Pro Rata Share of the Letters of Credit during the period such Defaulting Lender's Pro Rata Share of the Letters of Credit is cash collateralized;

(4) if the Pro Rata Shares of the non-Defaulting Lenders are reallocated pursuant to clause (1) above, then the fees payable to the Banks pursuant to Section 2.08 and Section 2.17(g) shall be adjusted in accordance with such non-Defaulting Lenders' Pro Rata Shares;

(5) if all or any portion of such Defaulting Lender's Pro Rata Share of outstanding Letters of Credit is neither reallocated nor cash collateralized pursuant to clause (1) or (2) above, then, without prejudice to any rights or remedies of the Fronting Bank or any other Bank hereunder, all facility fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Loan Commitment that was utilized by such Pro Rata Share of the outstanding Letters of Credit) and letter of credit fees payable under Section 2.17(g) with respect to such Defaulting Lender's Pro Rata Share of the outstanding Letters of Credit shall be payable to the Fronting Bank until and to the extent that such Pro Rata Share is reallocated and/or cash collateralized; and

(6) so long as such Bank is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Fronting Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Pro Rata Share of outstanding Letters of Credit will be 100% covered by the Loan Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 12.20(c)(2), and participating interests in any newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 12.20(c)(1) (and such Defaulting Lender shall not participate therein).

(d) If (i) a Bankruptcy Event with respect to a Parent of any Bank shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Fronting Bank has a good faith belief that any Bank has defaulted in fulfilling its obligations under one or more other agreements in which such bank commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Fronting Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Fronting Bank, as the case may be, (x) shall have entered into arrangements with Borrower or such Bank, satisfactory to the Swingline Lender or the Fronting Bank, as the case may be, to defease any risk to it in respect of such Bank hereunder, or (y) is satisfied that the related exposure and such Bank's then outstanding Pro Rata Share of outstanding Letters of Credit will be 100% covered by the Loan Commitments of the other Banks and/or cash collateral will be provided by the Borrower in accordance with Section 12.20(c)(2), and participating interests in any newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among the other Banks in a manner consistent with Section 12.20(c)(1) (and such Bank shall not participate therein).

(e) In the event that the Administrative Agent, the Borrower, the Swingline Lender and the Fronting Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Bank to be a Defaulting Lender, then the Pro Rata Shares of the Banks with respect to the Swingline Loans and the outstanding Letters of Credit shall be readjusted to reflect the inclusion of such Bank's Loan Commitment and on such date such Bank shall purchase at par such of the Loans of the other Banks (other than Bid Rate Loans and Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with its Pro Rata Share and cash collateral under Section 12.20(c)(3) to be redelivered to the Borrower.

(f) In the event that a Bank shall become a Defaulting Lender, then, provided that no Event of Default shall have occurred and be outstanding, and subject to the provisions of applicable law, for so long as such Bank shall remain a Defaulting Lender, Borrower shall have the right to replace such Defaulting Lender as though it were an Affected Bank, in accordance with the provisions of Section 3.07.

Use for Mortgages.

From time to time, on not less than five (5) Banking Days' notice, the Borrower may request proceeds of the Loans be used to refinance certain secured mortgage Debt of the Borrower and/or its Subsidiaries, in which event, a portion of the Loans equal to the amount of the advances made hereunder in connection with such refinancing, at the Borrower's election, may be secured by an amended and restated mortgage on the property securing the mortgage Debt to be so refinanced (a "Refinancing Mortgage") and evidenced by a mortgage note, as more particularly set forth in Section 2.09. Any such Refinancing Mortgage and any other agreement, certifications, opinions and other documents will be (i) in form and substance reasonably acceptable to the Administrative Agent and its counsel, (ii) be consistent in all respects with the terms of this Agreement, and (iii) subject to being released or assigned by the Administrative Agent at the request of the Borrower (it being understood and agreed that the Administrative Agent and the Banks shall not be required to give any representations or warranties with respect to any such release or assignment, including with respect to any aspects of the Debt secured thereby, except that it is the holder thereof and authorized to execute and deliver the same). In addition, in connection with each Refinancing Mortgage, the Administrative Agent, at the request and expense of Borrower, will provide subordination, non-disturbance and attornment agreements. Unless otherwise directed by Borrower, any prepayments made by the Borrower shall be applied first to any and all Loans outstanding that are not secured by a Refinancing Mortgage, and only to Loans secured by Refinancing Mortgages if there shall be no other Loans outstanding at the time.

Bottom-Up Guaranties.

At Borrower's request from time to time, Administrative Agent shall accept "bottom-up" guaranties of the Loans from limited partners in Borrower in such amounts and on such terms as Borrower shall request, provided that Administrative Agent shall have reasonably satisfied itself with respect to OFAC and similar restrictions in respect of any such proposed guarantor.

OFAC

. None of General Partner, Borrower or any of their respective Subsidiaries: (i) is a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treas.gov/offices/enforcement/ofac/index.shtml> or as otherwise published from time to time; (ii) is (A) an agency of the government of a country, (B) an organization controlled by a country, or (C) a person resident in a country that is subject to a sanctions program identified on the list maintained by OFAC and available at www.treas.gov/offices/enforcement/ofac/index.shtml, or as otherwise published from time to time, as such program may be applicable to such agency, organization or person; or (iii) to the best of Borrower's knowledge and except as permitted by applicable law, derives any of its assets or operating income from investments in or transactions with any such country, agency, organization or person. None of the proceeds from any Loan, and no Letter of Credit, will be used to finance any operations, investments or activities in, or make any payments to, any such country, agency, organization, or person.

Amendment of the Existing 2007 Credit Agreement. Banks who are also parties to the Existing 2007 Credit Agreement shall consent to the amendment of the Existing 2007 Credit Agreement to conform its terms in all material respects to the terms of this Agreement, other than the pricing changes and the deletion of the guaranty by the General Partner and the carve-out of the General Partner from the non-recourse provisions (provided the effectiveness of any such amendment shall be dependent on compliance with the voting provisions of the Existing 2007 Credit Agreement).

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By: /s/Alan J. Rice
Name: Alan J. Rice
Title: Authorized Signatory

Address for Notices:

210 Route 4 East,
Paramus, New Jersey 07652-0910
Attention: Chief Financial Officer
Telephone: (201) 587-1000
Telecopy: (201) 587-0600

with copies to:

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10106
Attention: Executive Vice President –
Capital Markets
Telephone: (212) 894-7000
Telecopy: (212) 894-7073

and

Vornado Realty Trust
888 Seventh Avenue
New York, New York 10106
Attention: Senior Vice President – Corporation Counsel
Telephone: (212) 894-7000
Telecopy: (212) 894-7996

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and a Bank
By /s/ Brendan M. Poe

Name: Brendan M. Poe
Title: Vice President

Commitment: \$80,000,000.00

Address for Notices:

JPMorgan Chase Bank, N.A.
270 Park Avenue, 4th Floor
New York, New York 10017

Attn: Marc Costantino
Telephone: (212) 622-8167
Telecopy: (646) 534-0574
and

JPMorgan Chase Bank, N.A.,
1111 Fannin
8th Floor
Houston, Texas 77002

Attn: Loan and Agency Services
Telephone: (713) 750-2736
Telecopy: (713) 750-2732

BANK OF AMERICA, N.A.,
as Syndication Agent and a Bank

By /s/ Ronald Odlozil

Name: Ronald Odlozil

Title: Senior Vice President

Commitment: \$80,000,000.00

Address for Notices:

Bank of America, N.A.

901 Main Street, 64th Floor

Dallas, TX 75202

Attn: Ron Odlozil

Telephone: (214) 209-1512

Telecopy: (214) 290-0995

BARCLAYS BANK PLC,
as Documentation Agent and a Bank
By /s/ Michael Mozer

Name: Michael Mozer
Title: Vice President

Commitment: \$60,000,000.00

Address for Notices:

Barclays Capital
745 7th Avenue, 26th Floor
Attn: Gregory Fishbein
Telephone: (212) 526-3441
Telecopy: CITICORP NORTH AMERICA, INC.,
as Documentation Agent and a Bank

By /s/ John Rowland

Name: John Rowland

Title: Director

Commitment: \$60,000,000.00

Address for Notices:

Citigroup Global Markets

390 Greenwich Street

New York, NY 10013

Attn: David Bouton

Telephone: (212) 723-5884

Telecopy: (212) 723-8380

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Documentation Agent and a
Bank

By /s/ James Rolison

Name: James Rolison

Title: Managing Director

By /s/ _____

Name:

Title:

Commitment: \$60,000,000.00

Address for Notices:

Deutsche Bank Securities, Inc.

200 Crescent Court, Suite 550

Dallas, TX 75201

Attn: Scott Speer

Telephone: (214)740-7903

Telecopy: (214) 740-7910

GOLDMAN SACHS BANK USA,
as Document Agent and a Bank

By /s/ Mark Walton

Name: Mark Walton

Title: Authorized Signatory

Commitment: \$60,000,000.00

Address for Notices:

Goldman, Sachs & Co.

30 Hudson Street, 38th Floor

Jersey City, NJ 07302

Attn: Lauren Day

Telephone: (212) 934-3921

Telecopy:

MORGAN STANLEY BANK, N.A.,
as a Bank

By /s/ Sherrese Clarke

Name: Sherrese Clarke

Title: Authorized Signatory

Commitment: \$60,000,000.00

Address for Notices:

Morgan Stanley Bank, N.A.

1300 Thames Street

Thames Street Wharf, 4th Floor

Baltimore, MD 21231

Attn: Edward Henley

Telephone: (443) 627-4326

Telecopy: (212) 404-9645

THE ROYAL BANK OF SCOTLAND PLC,
as Documentation Agent and a Bank

By /s/ Brett Thompson

Name: Brett Thompson

Title: Senior Vice President

Commitment: \$60,000,000.00

Address for Notices:

The Royal Bank of Scotland plc

600 Washington Boulevard

Stamford, CT 06901

Attn: Bruce Ferguson

Telephone: (203) 897-2240

Telecopy: (203) 873-5019

UBS AG, STAMFORD BRANCH,
as a Bank

By /s/ Irja R. Otsa

Name: Irja R. Otsa

Title: Associate Director

By /s/ Mary E. Evans

Name: Mary E. Evans

Title: Associate Director

Commitment: \$60,000,000.00

Address for Notices:

UBS Investment Bank
677 Washington Blvd.
Stamford, CT 06901
Attn: Denise Bushee
Telephone: (203) 719-3167
Telecopy: (203) 719-3390

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Documentation Agent and a
Bank

By s/ Anthony Mugno

Name: Anthony Mugno

Title: Senior Vice President

Commitment: \$60,000,000.00

Address for Notices:

Wells Fargo Bank, N.A.
375 Park Avenue, 9th Floor
New York, NY 10152
Attn: Anthony Mugno
Telephone: (212) 214-5259
Telecopy: (212) 214-8910

HSBC BANK USA, N.A.,
as a Bank

By /s/ Barbara E. Isaacman
Name: Barbara E. Isaacman
Title: Vice President

Commitment: \$50,000,000.00

Address for Notices:

HSBC Bank USA, NA
452 Fifth Avenue, 4th Floor
New York, NY 10018
Attn: Barbara E. Isaacman
Telephone: (212) 525-1159
Telecopy:

PNC BANK, NATIONAL ASSOCIATION,
as a Bank

By /s/ Thomas Hyland

Name: Thomas Hyland

Title: Senior Vice President

Commitment: \$50,000,000.00

Address for Notices:

PNC Bank, National Association

Two Tower Center Blvd, 18th Floor

East Brunswick, NJ 08816

Attn: Melinda DiBenedetto

Telephone: (732) 220-3511

Telecopy: (732) 220-3744

SUMITOMO MITSUI BANKING CORPORATION,
as a Bank

By /s/ William G. Karl

Name: William G. Karl

Title: General Manager

Commitment: \$50,000,000.00

Address for Notices:

Sumitomo Mitsui Banking Corporation

277 Park Avenue

New York, NY 10172

Attn: Ian Hunter

Telephone: (212) 224-4201

Telecopy: (212) 224-5197

THE BANK OF NEW YORK MELLON,
as a Bank

By /s/ Carol Murray

Name: Carol Murray

Title: Managing Director

Commitment: \$50,000,000.00

Address for Notices:

The Bank of New York Mellon

One Wall Street, 21st Floor

New York, NY 10286

Attn: Carol Murray

Telephone: (212) 635-7255

Telecopy: (212) 809-9526

U.S. BANK NATIONAL ASSOCIATION,
as a Bank

By _____

Name:

Title:

Commitment: \$50,000,000.00

Address for Notices:

U.S. Bank National Association
One Post Office Square, 29th Floor
Boston, MA 02109
Attn: David Heller
Telephone: (617) 357-1763
Telecopy: (617) 357-1758

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as a Bank

By /s/ Mikhail Faybusovich

Name: Mikhail Faybusovich

Title: Director

By /s/ Vipul Dhadda

Name: Vipul Dhadda

Title: Associate

Commitment: \$50,000,000.00

Address for Notices:

Credit Suisse AG, Cayman Islands Branch

Eleven Madison Avenue

New York, NY 10010

Attn: Mikhail Faybusovich

Telephone: (212) 325-5714

Telecopy: (646) 935-8518

CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK, as a Bank

By /s/ Daniel Reddy

Name: Daniel Reddy
Title: Director

By /s/Paul T. Ragusin

Name: Paul T. Ragusin
Title: Director

Commitment: \$35,000,000.00

Address for Notices:

Credit Agricole CIB
1301 Avenue of the Americas
New York, NY 10019
Attn: Daniel Reddy
Telephone: (212) 261-3292
Telecopy:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
NEW YORK BRANCH, as a Bank

By /s/ Oscar D. Cortez

Name: Oscar D. Cortez

Title: Vice President

Commitment: \$35,000,000.00

Address for Notices:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.,
1251 Avenue of the Americas, 12th floor
New York, NY 10020
Attn: Oscar Dan Cortez
Telephone: (212) 782-4303
Telecopy: (212) 782-6440

UNION BANK, NA.,
as a Bank

By /s/ Michael Vasto

Name: Michael Vasto

Title: Assistant Vice President

Commitment: \$35,000,000.00

Address for Notices:

Union Bank, N.A.
350 California Street
San Francisco, CA 94104
Attn: Michael Vasto
Telephone: (415) 273-2561
Telecopy:

COMPASS BANK,
as a Bank

By /s/ Dan Killian

Name: Dan Killian

Title: Senior Vice President

Commitment: \$25,000,000.00

Address for Notices:

BBVA Compass Bank
15 South 20th Street, Suite 1504
Birmingham, AL 35233
Attn: Kent Gorman
Telephone: (205) 297-3328
Telecopy: (205) 297-3901

BRANCH BANKING AND TRUST COMPANY,
as a Bank

By /s/ Ahaz Armstrong

Name: Ahaz Armstrong

Title: Assistant Vice President

Commitment: \$25,000,000.00

Address for Notices:

Branch Banking and Trust Company

200 W. Second Street, 16th Floor

Winston Salem, NC 27101

Attn: Ahaz Armstrong

Telephone: (336) 733-2575

Telecopy: (336) 733-2740

ING REAL ESTATE FINANCE (USA) LLC,
as a Bank

By /s/ Maria D. Kastanis

Name: Maria D. Kastanis

Title: Senior Director

By /s/ Yelena Kharnas

Name: Yelena Kharnas

Title: Vice President

Commitment: \$25,000,000.00

Address for Notices:

ING Real Estate Finance (USA) LLC
1325 Avenue of the Americas, 11th Floor
New York, NY 10019
Attn: Yelena Kharnas
Telephone: (646) 424-8518
Telecopy: (646) 424-8914

TD BANK, N.A.,

as a Bank

By /s/ Henry Boeckmann

Name: Henry Boeckmann

Title: Vice President

Commitment: \$25,000,000.00

Address for Notices:

TD Bank, N.A.

317 Madison Avenue, 2nd Floor

New York, NY 10017

Attn: Henry Boeckmann

Telephone: (212) 651-2718

Telecopy: (212) 299-5757

LANDESBANK BADEN-WÜRTTEMBERG,
NEW YORK BRANCH, as a Bank

By /s/ Leonard J. Crann

Name: Leonard J. Crann
Title: General Manager

By /s/ Barbara Wattenbach

Name: Barbara Wattenbach
Title: Assistant Vice President

Commitment: \$22,500,000.00

Address for Notices:

Landesbank Baden-Württemberg
280 Park Avenue, 31st Floor
New York, NY 10017
Attn: Barbara Wattenbach
Telephone: (212) 584-1704
Telecopy: (212) 584-1799

PEOPLE'S UNITED BANK,
as a Bank

By /s/ Maurice E. Fry

Name: Maurice E. Fry

Title: Senior Commercial Loan Officer, SVP

Commitment: \$20,000,000.00

Address for Notices:

People's United Bank
850 Main Street
Bridgeport, CT 06604
Attn: Maurice E. Fry
Telephone: (203) 338-7375
Telecopy: (203) 615-9141

SOVEREIGN BANK,
as a Bank

By /s/ Frederick Murphy
Name: Frederick Murphy
Title: Vice President

Commitment: \$22,500,000.00

Address for Notices:

Sovereign Bank
75 State Street
Boston, MA 02109
Attn: Frederick Murphy
Telephone: (617) 757-5486
Telecopy: (627) 757-3564

CHANG HWA COMMERCIAL BANK, LTD,
NEW YORK BRANCH, as a Bank

By /s/ Eric Y. S. Tsai

Name: Eric Y.S. Tsai

Title: VP & General Manager

Commitment: \$15,000,000.00

Address for Notices:

Chang Hwa Commercial Bank, Ltd.
685 Third Avenue
New York, NY 10017
Attn: Gary Lee
Telephone: (212) 651-9770 ext. 32
Telecopy: (212) 651-9786

CAPITAL ONE, N.A.,
as a Bank

By /s/ Frederick H. Denecke

Name: Frederick H. Denecke

Title: Vice President

Commitment: \$15,000,000.00

Address for Notices:

Capita One, N.a.
1680 Capital One Drive, 10th Floor
McLean, VA 22102
Attn: Frederick H. Denecke
Telephone: (703) 720-6760
Telecopy: (703) 720-2032

MEGA INTERNATIONAL COMMERCIAL BANK CO.,
LTD. LOS ANGELES BRANCH, as a Bank

By /s/ Chia Jang Liu

Name: Chia Jang Liu

Title: SVP & GM

Commitment: \$10,000,000.00

Address for Notices:

Mega International Commercial Bank Co., Ltd. Los Angeles Branch
445 S. Figueroa Street, #1900
Los Angeles, CA 90071
Attn: Angela Sheu
Telephone: (213) 426-3872
Telecopy: (213) 489-1160

SCHEDULE 1

<u>Bank</u>	<u>Loan Commitment</u>
JPMORGAN CHASE BANK, N.A.	\$ 80,000,000.00
BANK OF AMERICA, N.A.	80,000,000.00
BARCLAYS BANK PLC	60,000,000.00
CITICORP NORTH AMERICA, INC.	60,000,000.00
DEUTSCHE BANK TRUST COMPANY AMERICAS	60,000,000.00
GOLDMAN SACHS BANK USA	60,000,000.00
MORGAN STANLEY BANK, N.A.	60,000,000.00
THE ROYAL BANK OF SCOTLAND PLC	60,000,000.00
UBS AG, STAMFORD BRANCH	60,000,000.00
WELLS FARGO BANK, N.A.	60,000,000.00
HSBC BANK USA, NA	50,000,000.00
PNC BANK, NATIONAL ASSOCIATION	50,000,000.00
SUMITOMO MITSUI BANKING CORPORATION	50,000,000.00
THE BANK OF NEW YORK MELLON	50,000,000.00
U.S. BANK NATIONAL ASSOCIATION	50,000,000.00
CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH	50,000,000.00
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	35,000,000.00
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH	35,000,000.00
UNION BANK, N.A.	35,000,000.00
COMPASS BANK	25,000,000.00
BRANCH BANKING AND TRUST COMPANY	25,000,000.00
ING REAL ESTATE FINANCE (USA) LLC	25,000,000.00
TD BANK, N.A.	25,000,000.00
LANDESBANK BADEN-WÜRTTEMBERG, NEW YORK BRANCH	22,500,000.00
SOVEREIGN BANK	22,500,000.00
PEOPLE'S UNITED BANK	20,000,000.00
CHANG HWA COMMERCIAL BANK, LTD., NEW YORK BRANCH	15,000,000.00
CAPITAL ONE, N.A.	15,000,000.00
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. LOS ANGELES BRANCH	10,000,000.00
Total	\$ <u>1,250,000,000.00</u>

SCHEDULE 2
Other Investments

Toys R Us
Dune Capital
Suffolk Downs Racetrack
Insignia
IBS
Island Global Yachting
LNR

SCHEDULE 2A
General Partner Investments

	<u>State of Organization</u>	<u>Percentage of Ownership</u>	<u>Asset owned (other than VRLP units)</u>
825 Seventh Avenue Holding Corporation	New York	100.00%	None
NFM Corp.	Delaware	100.00%	None
Ninety Park Lender QRS, Inc.	Delaware	100.00%	1% interest in loan from Ninety Park Lenders LLC
Trees Acquisition Subsidiary, Inc.	Delaware	100.00%	None
Vornado Caguas GP, Inc.	Delaware	100.00%	0.1% indirect interest in Caguas mall
Vornado Catalinas GP, Inc.	Delaware	100.00%	0.1% indirect interest in Catalinas mall
Vornado Finance SPE, Inc.	Delaware	100.00%	None
Vornado Green Acres SPE Managing Member, Inc.	Delaware	100.00%	0.1% Interest in Green Acres Mall
Vornado Montehiedra, Inc.	Delaware	100.00%	0.01% indirect ownership of Montehiedra Town Center
Vornado 90 Park QRS, Inc.	New York	100.00%	1% interest in mortgage from Vornado 90 Park Avenue LLC

SCHEDULE 3
General Partner - Debt

EXHIBIT A

AUTHORIZATION LETTER

_____, 2011

JPMorgan Chase Bank, N.A.
270 Park Avenue
New York, New York 10017

Re: Revolving Credit Agreement dated as of the date hereof (the "Loan Agreement"; capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement) among us, as Borrower, the Banks named therein, and you, as Administrative Agent for said Banks

Gentlemen:

In connection with the captioned Loan Agreement, we hereby designate any of the following persons to give to you instructions, including notices required pursuant to the Loan Agreement, orally, by telephone or teleprocess, or in writing:

Steven Roth;
Michael D. Fascitelli;
Wendy Silverstein; and
Joseph Macnow.

Instructions may be honored on the oral, telephonic, teleprocess or written instructions of anyone purporting to be any one of the above designated persons even if the instructions are for the benefit of the person delivering them. We will furnish you with confirmation of each such instruction either by telex (whether tested or untested) or in writing signed by any person designated above (including any telecopy which appears to bear the signature of any person designated above) on the same day that the instruction is provided to you but your responsibility with respect to any instruction shall not be affected by your failure to receive such confirmation or by its contents.

Without limiting the foregoing, we hereby unconditionally authorize any one of the above-designated persons to execute and submit requests for advances of proceeds of the Loans (including the Initial Advance) and notices of Elections, Conversions and Continuations to you under the Loan Agreement with the identical force and effect in all respects as if executed and submitted by us.

You and the Banks shall be fully protected in, and shall incur no liability to us for, acting upon any instructions which you in good faith believe to have been given by any person designated above, and in no event shall you or any Bank be liable for special, consequential or punitive damages.

Upon written notice to us, you may, at your option, refuse to execute any instruction, or part thereof, without incurring any responsibility for any loss, liability or expense arising out of such refusal if you in good faith believe that the person delivering the instruction is not one of the persons designated above or if the instruction is not accompanied by an authentication method that we have agreed to in writing.

We will promptly notify you in writing of any change in the persons designated above and, until you have actually received such written notice and have had a reasonable opportunity to act upon it, you are authorized to act upon instructions, even though the person delivering them may no longer be authorized.

Very truly yours,

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By: _____

Name:

Title:

EXHIBIT B

RATABLE LOAN NOTE

\$ _____

New York, New York
_____, 201_

For value received, Vornado Realty L.P., a Delaware limited partnership ("Borrower"), hereby promises to pay to the order of _____ or its successors or assigns (collectively, the "Bank"), at the principal office of JPMorgan Chase Bank, N.A. located at 270 Park Avenue, New York, New York 10017 ("Administrative Agent") for the account of the Applicable Lending Office of the Bank, the principal sum _____ of Dollars (\$ _____) or, if less, the amount loaned by the Bank as Ratable Loans and Swingline Loans to Borrower pursuant to the Loan Agreement (as defined below) and actually outstanding, in lawful money of the United States and in immediately available funds, in accordance with the terms set forth in the Loan Agreement. Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, in like money, at said office for the account of said Applicable Lending Office, at the times and at the rates per annum as provided in the Loan Agreement. Any amount of principal hereof which is not paid when due, whether at stated maturity, by acceleration, or otherwise, shall bear interest from the date when due until said principal amount is paid in full, payable on demand, at the rates set forth in the Loan Agreement.

The date and amount of each advance of a Ratable Loan or a Swingline Loan made by the Bank to Borrower under the Loan Agreement, and each payment of said Ratable Loan or Swingline Loan, shall be recorded by the Bank on its books and, prior to any transfer of this Note (or, at the discretion of the Bank, at any other time), may be endorsed by the Bank on the schedule attached hereto and any continuation thereof.

This Note is one of the Ratable Loan Notes referred to in the Revolving Credit Agreement dated as of June 8, 2011 (as the same may be amended from time to time, the "Loan Agreement") among Borrower, the Banks named therein (including the Bank) and Administrative Agent, as administrative agent for the Banks. All of the terms, conditions and provisions of the Loan Agreement are hereby incorporated by reference. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Loan Agreement.

The Loan Agreement contains, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events.

No recourse shall be had under this Note against the General Partner or the VRT Principals except as and to the extent set forth in Section 11.02 of the Loan Agreement.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note on the day and year first above written.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By: _____

Name:

Title:

This is to certify that this Note was executed in my presence on the date hereof by the party whose signature appears above in the capacity indicated.

Notary Public

My commission expires:

B-2

Date	Type of Advance	Amount of Advance	Amount of Payment	Balance Outstanding	Notation By

EXHIBIT C

BID RATE LOAN NOTE

\$625,000,000

New York, New York
_____, 201_

For value received, Vornado Realty L.P., a Delaware limited partnership ("Borrower"), hereby promises to pay to the order of JPMorgan Chase Bank, N.A. ("Administrative Agent") or its successors or assigns as Administrative Agent for the account of the respective Banks making Bid Rate Loans or their respective successors or assigns (for the further account of their respective Applicable Lending Offices), at the principal office of Administrative Agent located at 270 Park Avenue, New York, New York 10017, the principal sum of Six Hundred Twenty Five Million Dollars (\$625,000,000) or, if less, the amount loaned by said Banks as Bid Rate Loans to Borrower pursuant to the Loan Agreement (as defined below) and actually outstanding, in lawful money of the United States and in immediately available funds, in accordance with the terms set forth in the Loan Agreement. Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, in like money, at said office for the account of said Banks for the further account of their respective Applicable Lending Offices, at the times and at the rates per annum as provided in the Loan Agreement. Any amount of principal hereof which is not paid when due, whether at stated maturity, by acceleration, or otherwise, shall bear interest from the date when due until said principal amount is paid in full, payable on demand, at the rate set forth in the Loan Agreement.

The date and amount of each Bid Rate Loan to Borrower under the Loan Agreement referred to below, the name of the Bank making the same, the interest rate applicable thereto and the maturity date thereof (i.e., the end of the Interest Period applicable thereto) shall be recorded by Administrative Agent on its records and may be endorsed by Administrative Agent on the schedule attached hereto and any continuation thereof.

This Note is the Bid Rate Loan Note referred to in the Revolving Credit Agreement dated as of June 8, 2011 (as the same may be amended from time to time, the "Loan Agreement") among Borrower, the Banks named therein and Administrative Agent, as administrative agent for the Banks. All of the terms, conditions and provisions of the Loan Agreement are hereby incorporated by reference. All capitalized terms used herein and not defined herein shall have the meanings given to them in the Loan Agreement.

The Loan Agreement contains, among other things, provisions for the prepayment of and acceleration of this Note upon the happening of certain stated events.

No recourse shall be had under this Note against the General Partner or the VRT Principals except as and to the extent set forth in Section 11.02 of the Loan Agreement.

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note on the day and year first above written.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By: _____
Name:
Title:

This is to certify that this Note was executed in my presence on the date hereof by the party whose signature appears above in the capacity indicated.

Notary Public

My commission expires:

C-2

Bid Rate Loan #	Bank	Date of Advance	Principal Amount	Interest Rate	Maturity (i.e., Expiration of Interest Period)
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EXHIBIT D

SOLVENCY CERTIFICATE

The officer executing this Certificate is the _____ of Vornado Realty Trust, a Maryland real estate investment trust ("General Partner"), the sole general partner of Vornado Realty L.P., a Delaware limited partnership ("Borrower"), and is familiar with its properties, assets and businesses, and is duly authorized to execute this Certificate on behalf of Borrower pursuant to the Revolving Credit Agreement dated the date hereof (the "Loan Agreement") among Borrower, the banks party thereto (each a "Bank" and collectively, the "Banks") and JPMorgan Chase Bank, N.A., as agent for the Banks (in such capacity, together with its successors in such capacity, the "Agent"). In executing this Certificate, such individual is acting solely in [his] [her] capacity as the _____ of General Partner, and not in [his] [her] individual capacity. Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as therein defined.

The undersigned further certifies that [he] [she] has carefully reviewed the Loan Agreement and the other Loan Documents and the contents of this Certificate and, in connection herewith, has made such investigation and inquiries as [he] [she] deems necessary and prudent therefor. The undersigned further certifies that the financial information and assumptions which underlie and form the basis for the representations made in this Certificate were reasonable when made and were made in good faith and continue to be reasonable as of the date hereof.

The undersigned understands that the Agent is relying on the truth and accuracy of this Certificate in connection with the transactions contemplated by the Loan Agreement.

The undersigned certifies that Borrower is Solvent.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on _____ .

Name:
Title:

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT dated as of _____, 20__ among [insert name of assigning Bank] ("Assignor"), [insert name of Assignee] ("Assignee"), Vornado Realty L.P., a Delaware limited partnership ("Borrower") and JPMorgan Chase Bank, N.A., as administrative agent for the Banks referred to below (in such capacity, together with its successors in such capacity, the "Administrative Agent").

Preliminary Statement

1. This Assignment and Assumption Agreement (this "Agreement") relates to the Revolving Credit Agreement dated June 8, 2011 (as the same may be amended from time to time, the "Loan Agreement") among Borrower, the banks party thereto (each a "Bank" and, collectively, the "Banks") and the Administrative Agent. All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Loan Agreement.
2. Subject to the terms and conditions set forth in the Loan Agreement, Assignor has made a Loan Commitment to Borrower.
3. Assignor desires to assign to Assignee all of the rights of Assignor under the Loan Agreement in respect of a portion of its Ratable Loan and Loan Commitment thereunder in an amount equal to _____ Dollars (\$_____) (collectively, the "Assigned Loan and Commitment"); and Assignee desires to accept assignment of such rights and assume the corresponding obligations from Assignor on such terms. No portion of any outstanding Bid Rate Loans is being assigned hereby.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Assignment. Assignor hereby assigns and sells to Assignee all of the rights of Assignor under the Loan Agreement in and to the Assigned Loan and Commitment, and Assignee hereby accepts such assignment from Assignor and assumes all of the obligations of Assignor under the Loan Agreement with respect to the Assigned Loan and Commitment. Upon the execution and delivery hereof by Assignor, Assignee, Borrower and the Administrative Agent and the payment of the amount specified in Section 2 hereof required to be paid on the date hereof, (1) Assignee shall, as of the commencement of business on the date hereof, succeed to the rights and obligations of a Bank under the Loan Agreement with a Loan and a Loan Commitment in amounts equal to the Assigned Loan and Commitment (and the definition of Loan Commitment in the Loan Agreement is revised accordingly), and (2) the Loan and Loan Commitment of Assignor shall, as of the commencement of business on the date hereof, be reduced correspondingly and Assignor released from its obligations under the Loan Agreement to the extent such obligations have been assumed by Assignee. Assignor represents and warrants to Assignee (1) that Assignor is the legal and beneficial owner of the Assigned Loan and Commitment free and clear of all liens and other encumbrances and (2) that Assignor is legally authorized to enter into this Agreement. Except as provided in the immediately preceding sentence, the assignment provided for herein shall be without representation or warranty by, or recourse to, Assignor. Assignee represents and warrants to Assignor that Assignee is legally authorized to enter into this Agreement.

SECTION 2. Payments. As consideration for the assignment and sale contemplated in Section 1 hereof, Assignee shall pay to Assignor on the date hereof in immediately available funds an amount equal to _____ Dollars (\$_____) [insert the amount of that portion of Assignor's Loan being assigned]. It is understood that any fees paid to Assignor under the Loan Agreement are for the account of Assignor. Each of Assignor and Assignee hereby agrees that if it receives any amount under the Loan Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

SECTION 3. [Consent of Borrower and Administrative Agent;] Execution and Delivery of Note. [This Agreement is conditioned upon the consent of Administrative Agent and, provided there exists no Event of Default, Borrower pursuant to Section 12.05 of the Loan Agreement. The execution of this Agreement by Borrower and the Administrative Agent is evidence of this consent and acknowledgment, respectively. **Only necessary if Assignee is not an existing Bank or a Bank Affiliate**] Pursuant to Section 12.05 of the Loan Agreement, Borrower has agreed to execute and deliver Ratable Loan Notes payable to the respective orders of Assignee and Assignor to evidence the assignment and assumption provided for herein.

SECTION 4. Non-Reliance on Assignor. Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition, or statements of Borrower or any other party to any Loan Document, or the validity and enforceability of the obligations of Borrower or any other party to a Loan Document in respect of the Loan Agreement or any other Loan Document. Assignee acknowledges that it has, independently and without reliance on Assignor, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of Borrower and the other parties to the Loan Documents.

SECTION 5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 6. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 7. Certain Representations and Agreements by Assignee. Reference is made to Section 10.13 of the Loan Agreement. Assignee hereby represents that it is entitled to receive any payments to be made to it under the Loan Agreement or hereunder without the withholding of any tax and agrees to furnish the evidence of such exemption as specified therein and otherwise to comply with the provisions of said Section 10.13.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[NAME OF ASSIGNOR]

By _____
Name:
Title:

[NAME OF ASSIGNEE]

By _____
Name:
Title:

Applicable Lending Office:

Address for Notices:

[Assignee]
[Address]
Attention: _____
Telephone: () _____
Telecopy: () _____

VORNADO REALTY L.P.,
Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By _____
Name:
Title:

EXHIBIT F

MATERIAL AFFILIATES

None

F-1

EXHIBIT G-1

BID RATE QUOTE REQUEST

[Date]

To: JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent")
From: Vornado Realty L.P.
Re: Revolving Credit Agreement (as amended, the "Loan Agreement") dated as of June 8, 2011 among Vornado Realty L.P., the Banks party thereto and the Administrative Agent

We hereby give notice pursuant to Section 2.02 of the Loan Agreement that we request Bid Rate Quotes for the following proposed Bid Rate Loans:

Date of Borrowing: _____

Principal Amount*

Interest Period**

\$

Such Bid Rate Quotes should offer a LIBOR Bid Margin.

Terms used herein have the meanings assigned to them in the Loan Agreement.

VORNADO REALTY L.P.,
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By _____

Name:

Title:

* Subject to the minimum amount and other requirements set forth in Section 2.02 of the Loan Agreement.

** Subject to the provisions of the definition of "Interest Period" in the Loan Agreement.

EXHIBIT G-2

INVITATION FOR BID RATE QUOTES

To: [Bank]

Re: Invitation for Bid Rate Quotes to Vornado Realty L.P. ("Borrower")

Pursuant to Section 2.02 of the Revolving Credit Agreement dated as of June 8, 2011 among Borrower, the Banks party thereto and the undersigned, as Administrative Agent (as amended, the "Loan Agreement"), we are pleased on behalf of Borrower to invite you to submit Bid Rate Quotes to Borrower for the following proposed Bid Rate Loans:

Date of Borrowing: _____

Principal Amount

Interest Period

\$

Such Bid Rate Quotes should offer a LIBOR Bid Margin.

Please respond to this invitation by no later than 10:00 a.m. (New York time) on [date] (the third Banking Day prior to the Date of Borrowing).

Terms used herein have the meanings assigned to them in the Loan Agreement.

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By _____

Name:

Title:

EXHIBIT G-3

BID RATE QUOTE

To: JPMorgan Chase Bank, N.A., as Administrative Agent

Re: Bid Rate Quote to Vornado Realty L.P. ("Borrower") pursuant to Revolving Credit Agreement dated June 8, 2011 among Borrower, the Banks party thereto and Administrative Agent (as amended, the "Loan Agreement")

In response to your invitation on behalf of Borrower dated _____, 200__, we hereby make the following Bid Rate Quote on the following terms:

1. Quoting Bank:
2. Person to contact at quoting Bank: _____
3. Date of borrowing: _____*
4. We hereby offer to make Bid Rate Loan(s) in the following principal amounts, for the following Interest Periods and at the following rates:

Principal Amount**	Interest Period***	LIBOR Bid Margin****
\$		
\$		

[Provided, that the aggregate principal amount of Bid Rate Loans for which the above offers may be accepted shall not exceed \$_____.]

* As specified in the related Invitation for Bid Rate Quotes.

** Principal amount bid for each Interest Period may not exceed principal amount requested. Specify aggregate limitation if the sum of the individual offers exceeds the amount the Bank is willing to lend. Amounts of bids are subject to the requirements of Section 2.02(c) of the Loan Agreement.

*** No more than three (3) bids are permitted for each Interest Period.

**** Margin over or under the LIBOR Interest Rate determined for the applicable Interest Period. Specify percentage (to the nearest 1/1,000 of 1 %) and specify whether "PLUS" or "MINUS".

5. LIBOR Reserve Requirement, if any: _____.

6. Terms used herein have the meanings assigned to them in the Loan Agreement.

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Loan Agreement, irrevocably obligates us to make the Bid Rate Loan(s) for which any offer(s) are accepted, in whole or in part.

Very truly yours,

[NAME OF BANK]

Date: _____

By: _____
Authorized Officer

G-3-2

EXHIBIT G-4

ACCEPTANCE OF BID RATE QUOTE

To: JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent")
From: Vornado Realty L.P. ("Borrower")
Re: Revolving Credit Agreement (as amended, the "Loan Agreement") dated as of June 8, 2011 among Borrower, the Banks party thereto and the Administrative Agent

We hereby accept the offers to make Bid Rate Loan(s) set forth in the Bid Rate Quote(s) identified below:

<u>Bank</u>	<u>Date of Bid Rate Quote</u>	<u>Principal Amount</u>	<u>Interest Period</u>	<u>LIBOR Bid Margin</u>
-------------	-----------------------------------	-------------------------	----------------------------	-----------------------------

Terms used herein have the meanings assigned to them in the Loan Agreement.

Very truly yours,

VORNADO REALTY L.P.
a Delaware limited partnership

By: Vornado Realty Trust,
a Maryland real estate investment trust,
general partner

By _____
Name:
Title:

EXHIBIT H

DESIGNATION AGREEMENT

Reference is made to that certain Revolving Credit Agreement dated as of June 8, 2011 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") among Vornado Realty L.P., the Banks party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent for said banks. Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the same meaning.

[BANK] ("Designor") and _____, a _____ ("Designee"), agree as follows:

1. Designor hereby designates Designee, and Designee hereby accepts such designation, to have a right to make Bid Rate Loans pursuant to Section 2.02 of the Loan Agreement. Any assignment by Designor to Designee of its rights to make a Bid Rate Loan pursuant to such Section shall be effective at the time of the funding of such Bid Rate Loan and not before such time.
2. Except as set forth in Section 6 below, Designor makes no representation or warranty and assumes no responsibility pursuant to this Designation Agreement with respect to (a) any statements, warranties or representations made in or in connection with any Loan Document or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument and document furnished pursuant thereto or (b) the financial condition of Borrower or the performance or observance by Borrower of any of their obligations under any Loan Document or any other instrument or document furnished pursuant thereto.
3. Designee (a) confirms that it has received a copy of each Loan Document, together with copies of such financial statements and other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement; (b) agrees that it will independently and without reliance upon Administrative Agent, Designor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under any Loan Document; (c) represents that it is a Designated Lender; (d) appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under any Loan Document as are delegated to Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of any Loan Document are required to be performed by it as a Bank.
4. Designee hereby appoints Designor as Designee's agent and attorney-in-fact, and grants to Designor an irrevocable power of attorney, to receive payments made for the benefit of Designee under the Loan Agreement, to deliver and receive all communications and notices under the Loan Agreement and other Loan Documents and to exercise on Designee's behalf all rights to vote and to grant and make approvals, waivers, consents or amendments to or under the Loan Agreement or other Loan Documents. Any document executed by Designor on Designee's behalf in connection with the Loan Agreement or other Loan Documents shall be binding on Designee. Borrower, Administrative Agent and each of the Banks may rely on and are beneficiaries of this Designation Agreement.

5. Following the execution of this Designation Agreement by Designor and Designee, it will be delivered to Administrative Agent for acceptance by Administrative Agent. The effective date for this Designation Agreement (the "Effective Date") shall be the date of acceptance hereof by Administrative Agent.

6. Designor unconditionally agrees to pay or reimburse Designee and save Designee harmless against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed or asserted by any of the parties to the Loan Documents against Designee, in its capacity as such, in any way relating to or arising out of this Agreement or any other Loan Documents or any action taken or omitted by the Designee hereunder or thereunder, provided that Designor shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements if the same results from Designee's gross negligence or willful misconduct.

7. As of the Effective Date, Designee shall be a party to the Loan Agreement with a right to make Bid Rate Loans as a Bank pursuant to Section 2.02 of the Loan Agreement and the rights and obligations of a Bank related thereto; provided, however, that Designee shall not be required to make payments with respect to such obligations except to the extent of excess cash flow of Designee which is not otherwise required to repay obligations of Designee which are then due and payable. Notwithstanding the foregoing, Designor, as administrative agent for Designee, shall be and remain obligated to Borrower, Administrative Agent and the Banks for each and every of the obligations of Designee and Designor with respect to the Loan Agreement, including, without limitation, any indemnification obligations under Section 10.05 of the Loan Agreement.

8. This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

9. This Designation Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Designor and Designee have executed and delivered this Designation Agreement as of the date first set forth above.

[DESIGNOR]

By _____
Name:
Title:

[DESIGNEE]

By _____
Name:
Title:

Applicable Lending Office
and Address for Notices:

Attention: _____
Telephone: () _____
Telecopy: () _____

ACCEPTED AS OF THE __ DAY OF
_____, 20__.

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By _____
Name:
Title:

EXHIBIT I

Local 32B/J Service Employees International Union and Charles E. Smith Realty, 1/1/08-10/15/11

2005 Independent Window Cleaners' Contractors Agreement Between Local 32B/J and Building Maintenance Service, LLC, 3/1/08-2/29/11

2005 Contractors Agreement between Service Employees International Union Local 32B/J, AFL-CIO and The Realty Advisory Board on Labor Relations, Inc., 10/1/08-12/31/11

2005 Commercial Building Agreement between Local 32B/J Service Employees International Union, AFL-CIO and The Realty Advisory Board on Labor Relations, Inc., 10/1/08-12/31/11

Security Officers Collective Bargaining Agreement between the Service Employees International Union Local 32B/J, AFL-CIO and Guard Management Service Corp., 1/1/08-12/31/11

Green Acres Mall LLC and Service Employees International Union Local 32B/J, 1/1/08-12/31/11

Metal Polishers Production and Novelty Workers Union Local 8A-28A and Metal Brite Service Corp., 6/1/08-5/31/11 (in discussion)

Local Union No. 7 Tile, Marble, and Terrazzo, AFL-CIO of New York and New Jersey and The Marble Industry of New York, Inc., 7/1/09-6/30/13

Collective Bargaining Agreement between Hotel Association of New York City, Inc. and New York Hotel-Motel Trades Council, AFL-CIO, 7/1/05-6/30/12

Local 32B/J, Service Employees International Union and Durham Leasing II LLC., 1/1/08-12/31/11

Eatontown Monmouth Mall and Communications Workers of America Local 1032, 3/27/08-3/26/11 (in discussion)

Agreement between Charles E. Smith Commercial Realty (CESCR) and International Union of Operating Engineers Local 99-99A, AFL-CIO for Charles E. Smith Real Estate Services L.P. Buildings, 1/1/10-12/31/11

Engineer Agreement between Realty Advisory Board on Labor Relations, Incorporated, and Local 94-94A-94B International Union of Operating Engineers AFL-CIO, 1/1/11-12/31/14

Collective Bargaining Agreement between Service Employees International Union Local 32BJ and the Merchandise Mart, 1/1/08-10/15/11

Collective Bargaining Agreement between Service Employees International Union Local 32BJ and Building Maintenance Service, LLC, 1/1/08-10/15/11

Collective Bargaining Agreement between National Union of Security Officers and Guards (NUSOG) and VNO One Park LLC, 4/1/11-7/31/13

Collective Bargaining Agreement between Service Employees International Union Local 87 and Building Maintenance Service LLC, 8/1/08-7/31/12

Collective Bargaining Agreement between Service Employees International Union Local 24/7 and Guard Management Service Corp., 12/12/07-12/31/12

2008 Independent Long Island Contractors Agreement between 32BJ Service Employees International Union and Building Maintenance Service LLC, 1/1/08-12/31/11

Collective Bargaining Agreement between Local 670, Stationary Engineers, Firemen, Maintenance and Building Service Union and Building Maintenance Service LLC, 1/1/08-12/31/11

Agreement by and between Building Maintenance Service LLC and Service Employees International Union Local 32BJ at the Shops at Geogretown Park, 10/1/10-9/30/13

Agreement by and between Building Maintenance Service LLC and Service Employees International Union Local 32BJ for Meta Marble Workers, 1/25/11-1/24/15

Collective Bargaining Agreement between Service Employees International Union Local 32BJ and H Street Management, LLC at Riverhouse Apartments Complex, 10/1/09-9/30/12

Local 1, Janitorial Agreement between Building Owners and Management Association of Chicago and Building Service Division, Service Employees International Union, Local 1 Janitorial Employees, 4/6/09-4/8/12

Local 1, Security Agreement between Building Owners and Management Association of Chicago and Service Employees International Union, Local 1, 4/26/10-4/25/13

Engineer Agreement between Building Owners and Management Association of Chicago and Local 399 of the International Union of Operating Engineers, 5/19/08-5/15/11 (in discussion)

Collective Bargaining Agreement between Merchandise Mart Properties, Inc. and Teamsters, Local Union 986, 8/1/07-8/1/10 (in discussion)

Electricians Agreement between The Electrical Contractors' Association of City of Chicago and Local Union No. 134 International Brotherhood of Electrical Workers, 5/31/09 as orally amended to 6/5/11(in discussion)

Joint Agreement between the Builders' Association, Mason Contractors' Association of Greater Chicago, Lake County Contractors Association, Illinois road and Transportation Builders Association, Underground Contractors Association and the Construction and General Laborers' District Council of Chicago and Vicinity, affiliated with the Laborers International Union of North America, 6/1/10-5/31/13

Collective Bargaining Agreement between the Chicago Journeymen Plumbers' Local Union 130, U.A. and Plumbing Contractors Association, 8/1/10-5/31/11

Agreement between Mid-America Regional Bargaining Association and the Chicago Regional Council of Carpenters, 6/1/10-5/31/13

EXHIBIT J
EXISTING LETTERS OF CREDIT

Issue Date	LOC Number	Fronting Bank	Amount	Beneficiary	Expiration
3/8/10	770015	JP Morgan	\$ 625,000	CHUBB, Inc.	6/15/11
9/2/04	250554	JP Morgan	2,938,629	330 Madison Company LLC	6/16/11
8/9/06	273655	JP Morgan	250,000	Acadia 115/Acadia Kidder Properties	6/28/11
7/30/09	847654	JP Morgan	1,486,931	TIAA-CPPIB REIT, LLC	8/1/11
10/16/06	283949	JP Morgan	3,150,338	AIG, Inc. and subsidiaries	9/20/11
1/16/07	304863	JP Morgan	394,716	Township of Washington	1/9/12
2/16/07	3010850	JP Morgan	84,774	Washington Township	1/9/12
2/3/10	817452	JP Morgan	1,562,820	TIAA-CPPIB REIT, LLC	1/31/12
3/10/06	240573	JP Morgan	191,650	AIG, Inc. and subsidiaries	2/7/12
3/10/06	238914	JP Morgan	1,367,972	AIG, Inc. and subsidiaries	2/22/12
4/22/11	929426	JP Morgan	8,097,201	Seiden & Schein, P.C., as Escrow Agent	4/21/12
5/10/11	926027	JP Morgan	114,480	Borough of Paramus	4/15/12
8/4/10	859521	JP Morgan	370,000	National Union Fire Insurance	8/2/12
			\$ 20,634,511		

August 1, 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 June 30, 2011 and 2010, as indicated in our report dated August 1, 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 June 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

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.

August 1, 2011

/s/ Michael D. Fascitelli

Michael D. Fascitelli

President and Chief Executive Officer

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.

August 1, 2011

/s/ Joseph Macnow

Joseph Macnow

Executive Vice President - Finance and Administration
and Chief Financial Officer

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 June 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.

August 1, 2011

Name: /s/ Michael D. Fascitelli
Title: Michael D. Fascitelli
President and Chief Executive Officer

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 June 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.

August 1, 2011

Name: /s/ Joseph Macnow
Joseph Macnow
Title: Executive Vice President - Finance and Administration
and Chief Financial Officer
