

Vornado Realty Trust
Reconciliation of Net Income to EBITDA
and Funds from Operations (FFO)
(\$ in thousands except per share amounts)

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	Year Ended December 31,									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Reconciliation of Net Income to EBITDA before Non-Recurring items, discontinued operations and gains on sale of real estate										
1. Net Income	560,140	539,604	592,917	460,703	232,903	263,738	233,991	202,519	152,854	61,023
2. Interest and Debt Expense	692,496	415,826	313,289	296,059	305,920	266,784	260,573	226,253	164,478	54,395
3. Depreciation, Amortization, and Income Taxes	530,667	346,198	298,644	281,134	257,707	188,859	167,268	143,499	104,299	31,972
4. Cum. Effect of change in acct. Principle	-	-	-	-	30,129	4,110	-	-	-	-
5. EBITDA	1,783,303	1,301,628	1,204,850	1,037,896	826,659	723,491	661,832	572,271	421,631	147,390
6. Gains on Sale of Real Estate	(32,664)	(31,614)	(75,755)	(161,789)	-	(15,495)	(10,965)	-	(9,649)	-
7. Non-Recurring Items including discontinued operations	(175,413)	(120,281)	(142,742)	(14,482)	23,962	10,159	-	-	-	22,917
8. EBITDA before Non-Recurring items, discontinued operations and gains on sale of R.E.	1,575,226	1,149,733	986,353	861,625	850,621	718,155	650,867	572,271	411,982	170,307
Reconciliation of Net Income to FFO										
9. Net Income	560,140	539,604	592,917	460,703	232,903	263,738	233,991	202,519	152,854	61,023
10. Preferred share dividends	(57,511)	(46,501)	(21,920)	(20,815)	(23,167)	(36,505)	(38,690)	(33,438)	(21,690)	(15,549)
11. Net Income applicable to common shares	502,629	493,103	570,997	439,888	209,736	227,233	195,301	169,081	131,164	45,474
12. Depreciation and amortization of real property	337,730	276,921	228,298	208,624	195,808	119,568	97,744	82,216	58,277	22,413
13. Net gains on sale of real estate and insurance settlements	(33,769)	(31,614)	(75,755)	(161,789)	-	(15,495)	(10,965)	-	(9,649)	-
14. Cumulative effect of change in accounting principle	-	-	-	-	30,129	4,110	-	-	-	-
Partially-owned entities adjustments:										
15. Depreciation and amortization of real property	105,629	42,052	49,440	54,762	51,881	65,588	68,743	57,127	56,848	6,358
16. Net gains on sale of real estate	(13,166)	(2,918)	(3,048)	(6,733)	(3,431)	(6,298)	-	-	-	-
17. Income tax effect of Toys adjustments included above	(21,038)	(4,613)	-	-	-	-	-	-	-	-
18. Minority limited partners' share of above adjustments	(39,809)	(31,990)	(27,991)	(20,080)	(50,498)	(19,679)	(19,159)	(10,702)	(4,589)	(1,381)
19. Interest on exchangeable senior debentures	19,856	15,335	-	-	-	-	-	-	-	-
20. Series A, B-1, B-2, E-1 and F-1 preferred dividends	631	943	8,102	3,570	6,150	19,505	21,689	16,268	-	-
21. Funds From Operations	858,693	757,219	750,043	518,242	439,775	394,532	353,353	313,990	232,051	72,864
Adjustments for certain items that affect comparability:										
22. Write-off of non-core investments, perpetual preferred issuance costs, net of gains on the sale of non-real estate assets	(195,417)	(54,075)	(158,231)	1,693	24,345	14,703	-	-	-	-
23. Prepayment penalties, write-off of unamortized financing costs, and other fees	23,409	-	-	-	-	-	-	-	-	-
24. Alexander's net gain on sale of 731 condos	(4,580)	(30,895)	-	-	-	-	-	-	-	-
25. Alexander's stock appreciation rights compensation expense	49,043	9,104	25,340	14,868	-	-	-	-	-	-
26. Alexander's executive bonuses	-	-	6,500	-	-	-	-	-	-	-
27. Amortization of officer's employment arrangement	-	-	-	-	27,500	-	-	-	-	22,917
28. Minority limited partners' share of above adjustments	12,219	8,098	15,404	(3,115)	(10,629)	(1,800)	-	-	-	-
29.	(115,326)	(67,768)	(110,987)	13,446	41,216	12,903	-	-	-	22,917
30. Funds From Operations, Adjusted For Comparability	743,367	689,451	639,056	531,688	480,991	407,435	353,353	313,990	232,051	95,781
Funds From Operations per share:										
31. Total	\$ 5.51	\$ 5.21	\$ 5.63	\$ 4.44	\$ 3.91	\$ 3.96	\$ 3.65	\$ 3.37	\$ 2.81	\$ 1.27
32. Adjusted for comparability	\$ 4.77	\$ 4.75	\$ 4.80	\$ 4.56	\$ 4.28	\$ 4.09	\$ 3.65	\$ 3.37	\$ 2.81	\$ 1.67