

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-K

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

For the Fiscal Year Ended: December 31, 2009

OR

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

For the transition period from
Commission File Number:

to
001-6064

ALEXANDER'S, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

51-0100517

(IRS Employer Identification No.)

210 Route 4 East, Paramus, New Jersey

(Address of principal executive offices)

07652

(Zip Code)

Registrant's telephone number, including area code (201) 587-8541

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, \$1 par value per share

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act.

YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act.

YES NO

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, 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 Act). YES NO

The aggregate market value of the voting and non-voting common shares held by non-affiliates of the registrant, (i.e., by persons other than officers and directors of Alexander's, Inc.) was \$554,296,252 at June 30, 2009.

As of December 31, 2009 there were 5,105,936 of the registrant's common shares of beneficial interest outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2010.

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(1) These items are omitted in part or in whole because the registrant will file a definitive Proxy Statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 with the Securities and Exchange Commission no later than 120 days after December 31, 2009, portions of which are incorporated by reference herein. See “Executive Officers of the Registrant” on page 20 of this Annual Report on Form 10-K for information relating to executive officers.

FORWARD-LOOKING STATEMENTS

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 future performance. They involve risks, uncertainties and assumptions. Our future results, financial condition, results of operations 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 Annual Report on Form 10-K. We also note the following forward-looking statements: in the case of our development projects, the estimated completion date, estimated project costs and costs to complete. These forward-looking statements represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. For a further discussion of factors that could materially affect the outcome of our forward-looking statements, see “Item 1A - Risk Factors” in this Annual Report on Form 10-K.

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 the forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K 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 after the date of this Annual Report on Form 10-K.

ITEM 1. BUSINESS

GENERAL

Alexander's, Inc. (NYSE: ALX) is a real estate investment trust ("REIT"), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping its properties. All references to "we," "us," "our," "Company" and "Alexander's" refer to Alexander's, Inc. and its consolidated subsidiaries. We are managed by, and our properties are leased and developed by, Vornado Realty Trust ("Vornado") (NYSE: VNO).

We have seven properties in the greater New York City metropolitan area consisting of:

Operating properties

- (i) the 731 Lexington Avenue property, a 1,307,000 square foot multi-use building, comprises the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan. The building contains 885,000 and 174,000 of net rentable square feet of office and retail space, respectively, which we own, and 248,000 square feet of residential space consisting of 105 condominium units, which we sold. Bloomberg L.P. occupies all of the office space. The Home Depot (83,000 square feet), The Container Store (34,000 square feet) and Hennes & Mauritz (27,000 square feet) are the principal retail tenants;
- (ii) the Kings Plaza Regional Shopping Center contains 1,351,000 square feet and is located on Flatbush Avenue in Brooklyn. The center is anchored by a 289,000 square foot Sears department store and a 339,000 square foot Macy's (owned by Macy's, Inc.);
- (iii) the Rego Park I shopping center contains 351,000 square feet and is located on Queens Boulevard and 63rd Road in Queens. The center is anchored by a 195,000 square foot Sears department store, a 46,000 square foot Bed Bath & Beyond and a 39,000 square foot Marshalls;
- (iv) the Rego Park II property, a newly developed 600,000 square foot shopping center, is located adjacent to our Rego Park I property in Queens. As of December 31, 2009, 67% of the shopping center is in service and is leased to three anchor tenants: a 137,000 square foot Costco, a 134,000 square foot Century 21 and a 132,000 square foot Kohl's;
- (v) the Paramus property, located at the intersection of Routes 4 and 17 in Paramus, New Jersey, consists of 30.3 acres of land leased to IKEA Property, Inc.;
- (vi) the Flushing property, a 177,000 square foot building, is located at Roosevelt Avenue and Main Street in Queens and is sub-leased to a developer for the remainder of our ground lease term;

Property to be developed

- (vii) the Rego Park III property is a 3.4 acre land parcel adjacent to our Rego Park II property in Queens at the intersection of Junction Boulevard and the Horace Harding Service Road.

Rego Park II Development Costs

As of December 31, 2009, \$367 million was expended under the total construction budget of \$410 million. \$266.4 million was drawn on the construction loan, which has an interest rate of LIBOR plus 1.20% (1.48% at December 31, 2009) and matures in December 2010 with a one-year extension option.

Business Environment

The economic recession and illiquidity and volatility in the financial and capital markets have negatively affected substantially all businesses, including ours. Demand for office and retail space has declined nationwide due to bankruptcies, downsizing, layoffs and cost cutting. Real estate transactions and development opportunities have diminished significantly and capitalization rates have risen. These trends have negatively impacted our financial results during 2008 and 2009. It is not possible for us to quantify the impact of the above trends, which may continue in 2010 and beyond, on our future financial results.

Significant Tenants

Bloomberg L.P. accounted for 35%, 31% and 32% of our consolidated revenues in the years ended December 31, 2009, 2008 and 2007, respectively. No other tenant accounted for more than 10% of revenues in any of the last three years.

Relationship with Vornado

At December 31, 2009, Vornado owned 32.4% of our outstanding common stock. Steven Roth is the Chairman of our Board of Directors and our Chief Executive Officer, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board of Trustees of Vornado. At December 31, 2009, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado) owned, in the aggregate, 27.2% of our outstanding common stock, in addition to the 2.4% they indirectly own through Vornado. Michael D. Fascitelli, President and Chief Executive Officer of Vornado, is our President and a member of our Board of Directors. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

We are managed by, and our properties are leased and developed by, Vornado, pursuant to agreements which expire in March of each year and are automatically renewable. Vornado is a fully-integrated REIT with significant experience in managing, leasing, developing, and operating retail and office properties.

At December 31, 2009, we owed Vornado \$41,857,000 for leasing fees, \$13,961,000 for development fees and \$848,000 for management, property management and cleaning fees.

Environmental Matters

In July 2006, we discovered an oil spill at our Kings Plaza Regional Shopping Center. We have notified the New York State Department of Environmental Conservation ("NYSDEC") about the spill and have developed a remediation plan. The NYSDEC has approved a portion of the remediation plan and clean up is ongoing. The estimated costs associated with the clean up will aggregate approximately \$2,500,000. We have paid \$500,000 of such amount and the remainder is covered under our insurance policy.

Competition

We operate in a highly competitive environment. All of our properties are located in the greater New York City metropolitan area. We compete with a large number of property owners and developers. Principal factors of competition are the amount of rent charged, attractiveness of location and quality and breadth of services provided. Our success depends upon, among other factors, trends of national and local economies, the financial condition and operating results of current and prospective tenants, the availability and cost of capital, interest rates, construction and renovation costs, taxes, governmental regulations and legislation, population trends, zoning laws, and our ability to lease, sublease or sell our properties, at profitable levels. Our success is also subject to our ability to refinance existing debt as it comes due and on acceptable terms.

Employees

We currently have 79 employees.

Executive Office

Our principal executive office is located at 210 Route 4 East, Paramus, New Jersey, 07652 and our telephone number is (201) 587-8541.

Available Information

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports, as well as Reports on Forms 3, 4 and 5 regarding officers, directors, and 10% beneficial owners filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934, are available free of charge on our website (www.alx-inc.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (“SEC”). Also available on our website are copies of our (i) Audit Committee charter, (ii) Compensation Committee Charter, (iii) Code of Business Conduct and Ethics and (iv) Corporate Governance Guidelines. In the event of any changes to these items, revised copies will be made available on our website. Copies of these documents are also available directly from us, free of charge.

On April 11, 2000, Vornado and Interstate filed with the SEC, the 26th amendment to a Form 13D indicating that they, as a group, own in excess of 51% of our common stock. This ownership level makes us a “controlled” company for the purposes of the New York Stock Exchange, Inc.’s Corporate Governance Standards (the “NYSE Rules”). This means that we are not required to, among other things, have a majority of the members of our Board of Directors be independent under the NYSE Rules, have all of the members of our Compensation Committee be independent under the NYSE Rules or to have a Nominating Committee. While we have voluntarily complied with a majority of the independence requirements of the NYSE Rules, we are under no obligation to do so and this situation may change at anytime.

ITEM 1A. RISK FACTORS

Material factors that may adversely affect our business and operations are summarized below.

REAL ESTATE INVESTMENTS' VALUE AND INCOME FLUCTUATE DUE TO VARIOUS FACTORS.

The value of real estate fluctuates depending on conditions in the general economy and the real estate business. These conditions may also limit our revenues and available cash.

The factors that affect the value of our real estate include, among other things:

- national, regional and local economic conditions;
- competition from other available space;
- local conditions such as an oversupply of space or a reduction in demand for real estate in the area;
- how well we manage our properties;
- changes in market rental rates;
- the timing and costs associated with property improvements and rentals;
- whether we are able to pass some or all of any increases in operating costs through to tenants;
- changes in real estate taxes and other expenses;
- whether tenants and users such as customers and shoppers consider a property attractive;
- the financial condition of our tenants, including the extent of tenant bankruptcies or defaults;
- availability of financing on acceptable terms or at all;
- fluctuations in interest rates;
- our ability to secure adequate insurance;
- changes in taxation;
- changes in zoning laws;
- government regulation;
- consequences of any armed conflict involving, or terrorist attack against, the United States;
- potential liability under environmental or other laws or regulations;
- natural disasters; and
- general competitive factors.

The rents we receive and the occupancy levels at our properties may decline as a result of adverse changes in any of these factors. If our rental revenues and/or occupancy levels decline, we generally would expect to have less cash available to pay our indebtedness and distribute to our stockholders. In addition, some of our major expenses, including mortgage payments, real estate taxes and maintenance costs, generally do not decline when the related rents decline.

Capital markets and economic conditions can materially affect our financial condition and results of operations and the value of our debt and equity securities.

There are many factors that can affect the value of our investments in debt and equity securities, including the state of the capital markets and economy. The economic recession and illiquidity and volatility in the financial and capital markets have negatively affected substantially all businesses, including ours. Demand for office and retail space has declined nationwide due to bankruptcies, downsizing, layoffs and cost cutting. Real estate transactions and development opportunities have diminished significantly and capitalization rates have risen. These trends have negatively impacted our financial results during 2008 and 2009. It is not possible for us to quantify the impact of the above trends, which may continue in 2010 and beyond, on our future financial results. As a result, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers, and may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. If these market conditions continue, they may limit our ability and the ability of our tenants, to timely refinance maturing liabilities and access the capital markets to meet liquidity needs, resulting in materially adverse effects on our financial condition and results of operations and the value of our debt and equity securities.

We depend on leasing space to tenants on economically favorable terms and collecting rent from our tenants, who may not be able to pay.

Our financial results depend significantly on leasing space in our properties to tenants on economically favorable terms. In addition, because a majority of our income is derived from renting real property, our income, funds available to pay indebtedness and funds available for distribution to our stockholders will decrease if a significant number of our tenants cannot pay their rent or if we are not able to maintain our level of occupancy on favorable terms. If a tenant does not pay its rent, we might not be able to enforce our rights as landlord without delays and might incur substantial legal and other costs.

Bankruptcy or insolvency of tenants may decrease our revenues, net income and available cash.

From time to time, some of our tenants have declared bankruptcy, and other tenants may declare bankruptcy or become insolvent in the future. If a major tenant declares bankruptcy or becomes insolvent, the rental property at which it leases space may have lower revenues and operational difficulties. In the case of our shopping centers, the bankruptcy or insolvency of a major tenant could cause us to have difficulty leasing the remainder of the affected property. Our leases generally do not contain restrictions designed to ensure the creditworthiness of our tenants. As a result, the bankruptcy or insolvency of a major tenant could result in a lower level of net income and funds available for the payment of our indebtedness or distribution to our stockholders.

Some of our tenants represent a significant portion of our revenues. Loss of these tenant relationships or deterioration in the tenants' credit quality could adversely affect our financial condition or results of operation.

Bloomberg L.P. accounted for 35%, 31% and 32% of our consolidated revenues in the years ended December 31, 2009, 2008 and 2007, respectively. If we were to lose Bloomberg L.P. or any of our other significant tenants or fail to perform our obligations under agreements with these tenants, or if any of these tenants fail or become unable to perform their obligations under the agreements, we expect that any one or more of these events would adversely affect our results of operations and financial condition.

Inflation or deflation may adversely affect our financial condition and results of operations.

Although neither inflation nor deflation has materially impacted our operations in the recent past, increased inflation could have a pronounced negative impact on our mortgages and interest rates and general and administrative expenses, as these costs could increase at a rate higher than our rents. Inflation could also have an adverse effect on consumer spending which could impact our tenants' sales and, in turn, our percentage rents, where applicable. Conversely, deflation could lead to downward pressure on rents and other sources of income.

Real estate is a competitive business.

We operate in a highly competitive environment. All of our properties are located in the greater New York City metropolitan area. 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 breadth and quality of services provided. Our success depends upon, among other factors, trends of national 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.

We may incur costs to comply with environmental laws.

Our operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment including air and water quality, hazardous or toxic substances and health and safety. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused such release. The presence of contamination or the failure to remediate contamination may impair our ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure at or from our properties.

In July 2006, we discovered an oil spill at our Kings Plaza Regional Shopping Center. We have notified the New York State Department of Environmental Conservation ("NYSDEC") about the spill and have developed a remediation plan. The NYSDEC has approved a portion of the remediation plan and clean up is ongoing. The estimated costs associated with the clean up will aggregate approximately \$2,500,000. We have paid \$500,000 of such amount and the remainder is covered under our insurance policy.

Each of our properties has been subjected to varying degrees of environmental assessment at various times. Except as referenced above, the environmental assessments did not, as of the date of this Annual Report on Form 10-K, reveal any environmental condition material to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to us.

Some of our potential losses may not be covered by insurance.

We maintain general liability with limits of \$300,000,000 per occurrence and in the aggregate and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, with sub-limits for certain perils such as floods and earthquakes on each of our properties. There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. We are responsible for deductibles and losses in excess of our insurance coverage, which could be material.

Our mortgage loans are non-recourse to us, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance and/or refinance our properties.

Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act generally requires that public buildings, including our properties, be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations, as well as the amount of cash available for distribution to our stockholders.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

OUR INVESTMENTS ARE CONCENTRATED IN THE GREATER NEW YORK CITY METROPOLITAN AREA. CIRCUMSTANCES AFFECTING THIS AREA GENERALLY COULD ADVERSELY AFFECT OUR BUSINESS.

All of our properties are in the greater New York City metropolitan area and are affected by the economic cycles and risks inherent in that area.

All of our revenues come from properties located in the greater New York City metropolitan area. Like other real estate markets, the real estate market in this area has experienced economic downturns, and we cannot predict how economic conditions will impact this market in either the short or long term. Continued declines in the economy or a decline in the real estate market in this area could further impact the value of our properties and our financial performance. The factors affecting economic conditions in this area include:

- financial performance and productivity of the publishing, advertising, financial, technology, retail, insurance and real estate industries;
- unemployment levels;
- business layoffs or downsizing;
- industry slowdowns;
- relocations of businesses;
- changing demographics;
- increased telecommuting and use of alternative work places;
- infrastructure quality; and
- any oversupply of, or reduced demand for, real estate.

It is impossible for us to assess with certainty the future effects of the current adverse trends in the economic and investment climates of the greater New York City metropolitan region, and more generally of the United States, on the real estate market in this area. If these conditions persist, or if there is any further local, national or global economic downturn, our businesses and future profitability may be adversely affected.

Terrorist attacks, such as those of September 11, 2001 in New York City, may adversely affect the value of our properties and our ability to generate cash flow.

All of our properties are located in the greater New York City metropolitan area. In the aftermath of a terrorist attack, tenants in this area may choose to relocate their businesses to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity and fewer customers may choose to patronize businesses in this area. This would trigger a decrease in the demand for space in these markets, which could increase vacancies in our properties and force us to lease our properties on less favorable terms. As a result, the value of our properties and the level of our revenues could decline materially.

We are subject to risks that affect the general retail environment.

A substantial proportion of our properties are in the retail shopping center real estate market. This means that we are subject to factors that affect the retail environment generally, including the level of consumer spending and consumer confidence, the threat of terrorism and increasing competition from discount retailers, outlet malls, retail websites and catalog companies. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our shopping centers.

WE MAY ACQUIRE OR SELL ADDITIONAL ASSETS OR DEVELOP ADDITIONAL PROPERTIES. OUR FAILURE OR INABILITY TO CONSUMMATE THESE TRANSACTIONS OR MANAGE THESE TRANSACTIONS COULD ADVERSELY AFFECT OUR OPERATIONS AND FINANCIAL RESULTS.

We may acquire or develop properties and this may create risks.

Although our stated business strategy is not to engage in acquisitions, we may acquire or develop properties when we believe that an acquisition or development project is otherwise consistent with our business strategy. We may not, however, succeed in consummating desired acquisitions or in completing developments on time or within budget. In addition, we may face competition in pursuing acquisition or development opportunities that could increase our costs. When we do pursue a project or acquisition, we may not succeed in leasing newly developed or acquired properties at rents sufficient to cover their costs of acquisition or development and operations. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management's attention. Acquisitions or developments in new markets or industries where we do not have the same level of market knowledge may result in poorer than anticipated performance. We may abandon acquisition or development opportunities that we have begun pursuing and consequently fail to recover expenses already incurred and have devoted management time to a matter not consummated.

It may be difficult to buy and sell real estate quickly.

Real estate investments are relatively difficult to buy and sell quickly. Consequently, we may have limited ability to vary our portfolio promptly in response to changes in economic or other conditions. Moreover, our ability to buy, sell, or finance real estate assets may be adversely affected during periods of uncertainty or unfavorable conditions in the credit markets as we, or potential buyers of our assets, may experience difficulty in obtaining financing.

OUR ORGANIZATIONAL AND FINANCIAL STRUCTURE GIVES RISE TO OPERATIONAL AND FINANCIAL RISKS.

We depend on dividends and distributions from our direct and indirect subsidiaries. The creditors of these subsidiaries are entitled to amounts payable to them by the subsidiaries before the subsidiaries may pay any dividends or distributions to us.

Substantially all of our properties and assets are held through subsidiaries. We depend on cash distributions and dividends from our subsidiaries for substantially all of our cash flow. The creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary's obligations to them when due, and payable before that subsidiary may make distributions or dividends to us. Thus, our ability to pay dividends, if any, to our security holders depends on our subsidiaries' ability to first satisfy their obligations to their creditors and our ability to satisfy our obligations, if any, to our creditors.

In addition, our participation in any distribution of the assets of any of our direct or indirect subsidiaries upon the liquidation, reorganization or insolvency of the subsidiary, is only after the claims of the creditors, including trade creditors, and preferred security holders, if any, of the applicable direct or indirect subsidiaries are satisfied.

Our existing financing documents contain covenants and restrictions that may restrict our operational and financial flexibility.

At December 31, 2009, substantially all of the individual properties we own were encumbered by mortgages. These mortgages contain covenants that limit our ability to incur additional indebtedness on these properties, provide for lender approval of tenants' leases in certain circumstances, and provide for yield maintenance or defeasance premiums to prepay them. These mortgages may significantly restrict our operational and financial flexibility. In addition, if we were to fail to perform our obligations under existing indebtedness or become insolvent or were liquidated, secured creditors would be entitled to payment in full from the proceeds of the sale of the pledged assets prior to any proceeds being paid to other creditors or to any holders of our securities. In such an event, it is possible that we would have insufficient assets remaining to make payments to other creditors or to any holders of our securities.

We have indebtedness, and this indebtedness, and the cost to service it, may increase and debt refinancing may not be available on acceptable terms.

As of December 31, 2009, total debt outstanding was \$1,278,964,000. Our ratio of total debt to total enterprise value was 52.8% at December 31, 2009. "Enterprise value" means the market equity value of our common stock, plus debt, less cash and cash equivalents at such date. In addition, we have significant debt service obligations. For the year ended December 31, 2009, our scheduled cash payments for principal and interest were \$151,210,000. In the future, we may incur additional debt, and thus increase the ratio of total debt to total enterprise value. If our level of indebtedness increases, there may be an increased risk of default that could adversely affect our financial condition and results of operations. In addition, in a rising interest rate environment, the cost of refinancing our existing debt and any new debt or market rate security or instrument may increase. Continued uncertainty in the equity and credit markets may negatively impact our ability to obtain financing on reasonable terms or at all, which may negatively affect our ability to refinance our debt.

We may issue stock appreciation rights and other forms of stock-based compensation, and the cash required to settle these awards may impact our liquidity.

As of December 31, 2009, no stock appreciation rights ("SARs") or other forms of stock-based compensation were outstanding, but we may in the future issue SARs and other forms of stock-based compensation as a form of executive compensation. The cash required to settle these awards may impact our liquidity.

We might fail to qualify or remain qualified as a REIT, and may be required to pay income taxes at corporate rates.

Although we believe that we will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, we might fail to remain qualified. Qualification as a REIT for federal income tax purposes is governed by highly technical and complex provisions of the Internal Revenue Code (the "Code") for which there are only limited judicial or administrative interpretations. Qualification as a REIT also depends on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions might significantly change the tax laws with respect to the requirements for qualification as a REIT or the federal income tax consequences of qualification as a REIT.

In order to qualify and maintain our qualification as a REIT for federal income tax purposes, we are required, among other conditions, to distribute as dividends to our stockholders, at least 90% of annual REIT taxable income. As of December 31, 2009, we had reported net operating loss carryover ("NOL") of \$16,939,000, which generally would be available to offset the amount of REIT taxable income that we otherwise would be required to distribute. However, the NOL reported on the tax returns are not binding on the Internal Revenue Service and are subject to adjustment as a result of future audits. In addition, under Section 382 of the Code, the ability to use our NOL could be limited if, generally, there are significant changes in the ownership of our outstanding stock. Because the balance of our net operating loss carryover ("NOL") has exceeded taxable income in the past, there was no distribution requirement. In 2010, we expect our taxable income to exceed the \$16,939,000 remaining balance of our NOL. Accordingly, we expect to pay a dividend in 2010 at an amount sufficient to meet the REIT distribution requirement.

We face possible adverse changes in tax laws.

From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. The shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available for payment of dividends.

Loss of our key personnel could harm our operations and adversely affect the value of our common stock.

We are dependent on the efforts of Steven Roth, our Chief Executive Officer, and Michael D. Fascitelli, our President. Although we believe that we could find replacements for these key personnel, the loss of their services could harm our operations and adversely affect the value of our common stock.

ALEXANDER'S CHARTER DOCUMENTS AND APPLICABLE LAW MAY HINDER ANY ATTEMPT TO ACQUIRE US.

Provisions in Alexander's certificate of incorporation and by laws, as well as provisions of the Code and Delaware corporate law, may delay or prevent a change in control of the Company or a tender offer, even if such action might be beneficial to stockholders, and limit the stockholders' opportunity to receive a potential premium for their shares of common stock over then prevailing market prices.

Primarily to facilitate maintenance of its qualification as a REIT, Alexander's certificate of incorporation generally prohibits ownership, directly, indirectly or beneficially, by any single stockholder of more than 9.9% of the outstanding shares of preferred stock of any class or 4.9% of outstanding common stock of any class. The Board of Directors may waive or modify these ownership limits with respect to one or more persons if it is satisfied that ownership in excess of these limits will not jeopardize Alexander's status as a REIT for federal income tax purposes. In addition, the Board of Directors has, subject to certain conditions and limitations, exempted Vornado and certain of its affiliates from these ownership limitations. Stocks owned in violation of these ownership limits will be subject to the loss of rights and other restrictions. These ownership limits may have the effect of inhibiting or impeding a change in control.

Alexander's Board of Directors is divided into three classes of directors. Directors of each class are chosen for three-year staggered terms. Staggered terms of directors may have the effect of delaying or preventing changes in control or management, even though changes in management or a change in control might be in the best interest of our stockholders.

In addition, Alexander's charter documents authorize the Board of Directors to:

- cause Alexander's to issue additional authorized but unissued common stock or preferred stock;
- classify or reclassify, in one or more series, any unissued preferred stock;
- set the preferences, rights and other terms of any classified or reclassified stock that Alexander's issues; and
- increase, without stockholder approval, the number of shares of beneficial interest that Alexander's may issue.

The Board of Directors could establish a series of preferred stock with terms that could delay, deter or prevent a change in control of Alexander's or other transaction that might involve a premium price or otherwise be in the best interest of our stockholders, although the Board of Directors does not, at present, intend to establish a series of preferred stock of this kind. Alexander's charter documents contain other provisions that may delay, deter or prevent a change in control of the Company or other transaction that might involve a premium price or otherwise be in the best interest of our stockholders.

In addition, Vornado and Interstate (the three general partners of which are both trustees of Vornado and Directors of Alexander's) together beneficially own approximately 59.6% of our outstanding shares of common stock. This degree of ownership may also reduce the possibility of a tender offer or an attempt to change control of the Company.

We may change our policies without obtaining the approval of our stockholders.

Our operating and financial policies, including our policies with respect to acquisitions of real estate or other assets, growth, operations, indebtedness, capitalization and dividends, are exclusively determined by our Board of Directors. Accordingly, our stockholders do not directly control these policies.

OUR OWNERSHIP STRUCTURE AND RELATED-PARTY TRANSACTIONS MAY GIVE RISE TO CONFLICTS OF INTEREST.

Steven Roth, Vornado and Interstate may exercise substantial influence over us. They and some of our other directors and officers have interests or positions in other entities that may compete with us.

At December 31, 2009, Interstate and its partners owned approximately 7.3% of the common shares of beneficial interest of Vornado and approximately 27.2% of our outstanding common stock. Steven Roth, David Mandelbaum and Russell B. Wight, Jr. are the partners of Interstate. Mr. Roth is the Chairman of our Board of Directors and Chief Executive Officer, the Chairman of the Board of Trustees of Vornado and the Managing General Partner of Interstate. Mr. Wight and Mr. Mandelbaum are both trustees of Vornado and members of our Board of Directors. In addition, Vornado manages and leases the real estate assets of Interstate.

At December 31, 2009, Vornado owned 32.4% of our outstanding common stock, in addition to the 27.2% owned by Interstate and its partners. In addition to the relationships described in the immediately preceding paragraph, Michael D. Fascitelli, President and Chief Executive Officer of Vornado, is our President and a member of our Board of Directors. Dr. Richard West is a trustee of Vornado and a member of our Board of Directors. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

Because of their overlapping interests, Vornado, Mr. Roth, Interstate and the other individuals noted in the preceding paragraphs may have substantial influence over Alexander's, and on the outcome of any matters submitted to Alexander's stockholders for approval. In addition, certain decisions concerning our operations or financial structure may present conflicts of interest among Vornado, Messrs. Roth, Mandelbaum and Wight and Interstate and other security holders. Vornado, Mr. Roth and Interstate may, in the future, engage in a wide variety of activities in the real estate business which may result in conflicts of interest with respect to matters affecting us, such as, which of these entities or persons, if any, may take advantage of potential business opportunities, the business focus of these entities, the types of properties and geographic locations in which these entities make investments, potential competition between business activities conducted, or sought to be conducted, by us, competition for properties and tenants, possible corporate transactions such as acquisitions, and other strategic decisions affecting the future of these entities.

There may be conflicts of interest between Vornado, its affiliates and us.

Vornado manages, develops and leases our properties under agreements that have one-year terms expiring in March of each year, which are automatically renewable. Because we share common senior management with Vornado and because five of the trustees of Vornado also constitute the majority of our directors, the terms of the foregoing agreements and any future agreements may not be comparable to those we could have negotiated with an unaffiliated third party.

For a description of Interstate's ownership of Vornado and Alexander's, see "Steven Roth, Vornado and Interstate may exercise substantial influence over us. They and some of our other directors and officers have interests or positions in other entities that may compete with us." above.

THE NUMBER OF SHARES OF ALEXANDER'S COMMON STOCK AND THE MARKET FOR THOSE SHARES GIVE RISE TO VARIOUS RISKS.

The price of our common shares has recently been volatile and may fluctuate.

The trading price of our common shares has recently been volatile and may continue to fluctuate widely as a result of a number of factors, many of which are outside of our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our common shares. Among the factors that could affect the price of our common shares are:

- our financial condition and performance;
- the financial conditions of our tenants, including the extent of tenant bankruptcies or defaults;
- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- the reputation of REITs and real estate investments generally and the attractiveness of REIT equity securities in comparison to other equity securities, including securities issued by other real estate companies, and fixed income securities;
- the effect of the "credit crisis" on the broader commercial credit and financial markets and the resulting illiquidity and volatility in the equity and bond markets;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other real estate investment trusts;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- the extent of institutional investor interest in us;
- the extent of short-selling of our common shares and the shares of our competitors;
- fluctuations in the stock price and operating results of our competitors;
- general financial and economic market conditions and, in particular, developments related to market conditions for real estate investment trusts and other real estate related companies;
- domestic and international economic factors unrelated to our performance; and
- all other risk factors addressed elsewhere in this document.

A significant decline in our stock price could result in substantial losses for shareholders.

Alexander's has additional shares of its common stock available for future issuance, which could decrease the market price of the common stock currently outstanding.

As of December 31, 2009, we had authorized but unissued 4,826,550 shares of common stock, par value of \$1.00 per share and 3,000,000 shares of preferred stock, par value \$1.00 per share. In addition, 895,000 shares are available for future grant under the terms of our 2006 Omnibus Stock Plan. These awards may be granted in the form of options, restricted stock, SARs or other equity-based interests, and if granted, would reduce that number of shares available for future grants, provided however that an award that may be settled only in cash, would not reduce the number of shares available under the plan. We cannot predict the impact that future issuances of common or preferred stock or any exercise of outstanding options or grants of additional equity-based interests would have on the market price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved comments from the staff of the Securities and Exchange Commission as of the date of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

The following table shows the location, ownership, approximate size (excluding parking garages) and occupancy of each of our properties as of December 31, 2009.

<u>Property</u>	<u>Land Acreage</u>	<u>Building Square Feet</u>	<u>Occupancy Rate</u>	<u>Average Annualized Rent Per Square Foot</u>	<u>Tenants</u>	<u>Lease Expiration/Option Expiration(s)</u>
Operating Properties:						
731 Lexington Avenue						
New York, New York						
Office		697,000			Bloomberg L.P.	2030/2040
		188,000			Bloomberg L.P.	2015/2020
		885,000	100%	\$ 81.01		
Retail		83,000			The Home Depot	2025/2035
		34,000			The Container Store	2021
		27,000			Hennes & Mauritz	2020
		30,000			Various	
		174,000	100%	154.64		
	1.9	1,059,000				
Kings Plaza Regional Shopping Center						
Brooklyn, New York						
		289,000			Sears	2023/2033
		470,000	92%	58.72	111 Mall tenants	Various
		339,000			Macy's (owned by Macy's)	
		253,000			Lowe's (ground lessee)	2028-2053
	24.3	1,351,000				
Rego Park I						
Queens Boulevard and 63 rd Rd,						
		195,000			Sears	2021/2031
Queens, New York		46,000			Bed Bath & Beyond	2013/2021
		39,000			Marshalls	2021
		15,000			Old Navy	2011/2021
		56,000			Vacant	
	4.8	351,000	85%	32.28		
Rego Park II						
Junction Boulevard and Horace Harding Service Rd, Queens, New York						
In Service		137,000			Costco	2034/2059
		134,000			Century 21	2030/2050
		132,000			Kohl's	2030/2050
		403,000	100%	36.25		
Under Development		197,000				
	6.6	600,000				
Routes 4 and 17						
Paramus, New Jersey						
	30.3	—	100%	—	IKEA (ground lessee)	2041
Roosevelt Avenue and Main Street						
Queens, New York (ground leased through January 2037)						
	1.0	177,000	100%	14.99	New World Mall LLC	2027/2037
Property to be Developed:						
Rego Park III, adjacent to Rego Park II						
Queens, New York						
	3.4	—	—	—	—	—
		3,538,000				

Operating Properties

731 Lexington Avenue

The 731 Lexington Avenue property, a 1,307,000 square foot multi-use building, comprises the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan, New York, and is situated in the heart of one of Manhattan’s busiest business and shopping districts, with convenient access to several subway and bus lines. The property is located across the street from Bloomingdale’s flagship store and only a few blocks away from Fifth Avenue and 57th Street. The building contains 885,000 and 174,000 of net rentable square feet of office and retail space, respectively, which we own, and 248,000 square feet of residential space consisting of 105 condominium units, which we sold. Bloomberg L.P. occupies all of the office space. The Home Depot (83,000 square feet), The Container Store (34,000 square feet) and Hennes & Mauritz (27,000 square feet) are the principal retail tenants.

The office and retail spaces are encumbered by first mortgage loans with balances of \$362,989,000 and \$320,000,000, respectively, as of December 31, 2009. These loans mature in February 2014 and July 2015 and bear interest at 5.33% and 4.93%, respectively.

Kings Plaza Regional Shopping Center

The Kings Plaza Regional Shopping Center contains 1,351,000 square feet and is located on Flatbush Avenue in Brooklyn, New York. The center is anchored by a 289,000 square foot Sears department store and a 339,000 square foot Macy’s (owned by Macy’s), Inc. Among the features are a marina, a parking deck (3,739 spaces) and an energy plant that generates electricity for the center.

The following table sets forth lease expirations for the Mall tenants in the center as of December 31, 2009, for each of the next ten years, assuming none of the tenants exercise their renewal options.

Year	Number of Expiring Leases	Square Feet of Expiring Leases	Annual Rent of Expiring Leases		Percent of Total Leased Square Feet	Percent of 2009 Gross Annual Rentals
			Total	Per Square Foot		
Month to month	7	50,764	997,610	19.65	12.4%	4.1%
2010	11	26,855	1,792,918	66.76	6.6%	7.4%
2011	12	29,321	2,148,980	73.29	7.2%	8.8%
2012	13	33,635	2,357,610	70.09	8.2%	9.7%
2013	11	38,863	2,553,246	65.70	9.5%	10.5%
2014	11	43,154	3,176,202	73.60	10.5%	13.1%
2015	4	8,396	520,156	61.95	2.0%	2.1%
2016	7	25,275	1,597,275	63.20	6.2%	6.6%
2017	12	45,327	2,892,553	63.82	11.1%	11.9%
2018	8	27,622	1,879,071	68.03	6.7%	7.7%
2019	11	52,835	2,951,628	55.87	12.8%	12.2%

ITEM 2. PROPERTIES – continued

Mall store sales were \$628 per square foot for the year ended December 31, 2009, a 5.7% decrease from the year ended December 31, 2008. The following table sets forth the occupancy rate and the average annual rent per square foot for the Mall stores for each of the past five years.

<u>As of December 31,</u>	<u>Occupancy Rate</u>	<u>Average Annual Base Rent Per Square Foot</u>
2009	92%	\$ 59.32
2008	94%	56.86
2007	94%	55.95
2006	94%	52.78
2005	96%	51.15

The center is encumbered by a first mortgage loan with a balance of \$183,318,000 at December 31, 2009. The loan matures in June 2011 and bears interest at 7.46%.

Rego Park I

The Rego Park I shopping center contains 351,000 square feet and is located on Queens Boulevard and 63rd Road in Queens, New York. The center is anchored by a 195,000 square foot Sears department store, a 46,000 square foot Bed Bath & Beyond and a 39,000 square foot Marshalls. The shopping center contains a parking deck (1,200 spaces) that provides for paid parking.

On March 10, 2009, we repaid the \$78,246,000 outstanding first mortgage loan balance which was scheduled to mature in June 2009 and simultaneously completed a refinancing in the same amount. The new loan bears interest at 0.75%, is secured by the property and is 100% cash collateralized. The proceeds of the new loan were placed in a non-interest bearing restricted mortgage escrow account. The loan is prepayable at any time without penalty.

Rego Park II

The Rego Park II property, a newly developed 600,000 square foot shopping center, is located adjacent to our Rego Park I property in Queens, New York. As of December 31, 2009, 67% of the shopping center is in service and is leased to three anchor tenants: a 137,000 square foot Costco, a 134,000 square foot Century 21 and a 132,000 square foot Kohl's. The shopping center contains a parking deck (1,400 spaces) that provides paid parking.

As of December 31, 2009, \$367,000,000 was expended under the total construction budget of \$410,000,000. \$266,411,000 was drawn on the construction loan, which has an interest rate of LIBOR plus 1.20% (1.48% at December 31, 2009) and matures in December 2010 with a one-year extension option.

Paramus

We own 30.3 acres of land located at the intersection of Routes 4 and 17 in Paramus, New Jersey. The property is located directly across from the Garden State Plaza regional shopping mall and is within two miles of three other regional shopping malls and ten miles of New York City. This land is leased to IKEA Property, Inc. The lease has a 40-year term expiring in 2041, with a purchase option in 2021 for \$75,000,000. We have a \$68,000,000 interest only, non-recourse mortgage loan on the property from a third-party lender. The fixed interest rate on the debt is 5.92% with interest payable monthly until maturity in October 2011. The annual triple-net rent is the sum of \$700,000 plus the amount of debt service on the mortgage loan. If the purchase option is exercised, we will receive net cash proceeds of approximately \$7,000,000 and recognize a net gain on the sale of the land of approximately \$62,000,000. If the purchase option is not exercised, the triple-net rent for the last 20 years must include debt service sufficient to fully amortize \$68,000,000 over the remaining 20-year lease term.

ITEM 2. PROPERTIES – continued

Flushing

The Flushing property is located on Roosevelt Avenue and Main Street in the downtown, commercial section of Flushing, Queens, New York. Roosevelt Avenue and Main Street are active shopping districts and there are many national retailers located in the area. A subway entrance is located directly in front of the property with bus service across the street. The property comprises a four-floor building containing 177,000 square feet and a parking garage, which is sub-leased to a developer for the remainder of our ground lease term.

In the fourth quarter of 2003, we recognized \$1,289,000 of income representing a non-refundable purchase deposit of \$1,875,000, net of \$586,000 of costs associated with the transaction, from a party that agreed to purchase this property, as such party had not met its obligations under a May 30, 2002 purchase contract. On September 10, 2002, November 7, 2002, and July 8, 2004, we received letters from the party demanding return of the deposit. On December 28, 2005, the party filed a complaint against us in the Supreme Court of the State of New York alleging that we failed to honor the terms and conditions of the agreement. The complaint seeks specific performance and, if specific performance is denied, it seeks the return of the deposit plus interest and \$50,000 in costs. In our opinion, after consultation with legal counsel, we do not believe the party is entitled to either specific performance or a return of the deposit and we are defending against the action. Accordingly, we have not recorded a loss contingency for this matter.

Property to be Developed

Rego Park III

We own approximately 3.4 acres of land adjacent to our Rego Park II property in Queens, New York, which comprises a one-quarter square block and is located at the intersection of Junction Boulevard and the Horace Harding Service Road.

The land is currently being used for public paid parking and while the current plans for the development of this parcel are preliminary, it may include up to 80,000 square feet of retail space. There can be no assurance that this project will commence, be completed, completed on time or completed for the budgeted amount.

Insurance

We maintain general liability with limits of \$300,000,000 per occurrence and in the aggregate and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, with sub-limits for certain perils such as floods and earthquakes on each of our properties. There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. We are responsible for deductibles and losses in excess of our insurance coverage, which could be material.

Our mortgage loans are non-recourse to us, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance and/or refinance our properties.

ITEM 3. 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 our legal counsel, the outcome of such matters will not have a material effect on our financial condition, results of operations or cash flows.

For a discussion of the litigation concerning our Flushing, New York, property, see “Item 2. Properties – Operating Properties – Flushing.”

For discussion concerning environmental matters, see “Item 1. Business – Environmental Matters.”

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 2009.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of the names, ages, principal occupations and positions with us of our executive officers and the positions held by such officers during the past five years.

<u>Name</u>	<u>Age</u>	<u>PRINCIPAL OCCUPATION, POSITION AND OFFICE (Current and during past five years with the Company unless otherwise stated)</u>
Steven Roth	68	Chairman of the Board of Directors since May 2004 and Chief Executive Officer since March 1995; Chairman of the Board of Vornado Realty Trust since May 1989; Chief Executive Officer of Vornado Realty Trust from May 1989 through May 2009; a Trustee of Vornado Realty Trust since 1979; and Managing General Partner of Interstate Properties.
Michael D. Fascitelli	53	President since August 2000; Director of the Company since December 1996; Chief Executive Officer of Vornado Realty Trust since May 2009 and President and Trustee since December 1996; Partner at Goldman Sachs & Co., in charge of its real estate practice, from December 1992 to December 1996; and, prior thereto, Vice President at Goldman Sachs & Co.
Joseph Macnow	64	Executive Vice President and Chief Financial Officer since June 2002; Executive Vice President – Finance and Administration from March 2001 to June 2002; Vice President and Chief Financial Officer from August 1995 to March 2001; Executive Vice President – Finance and Administration of Vornado Realty Trust since January 1998 and Chief Financial Officer of Vornado Realty Trust since March 2001; and Vice President and Chief Financial Officer of Vornado Realty Trust from 1985 to January 1998.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol “ALX.” Set forth below are the high and low sales prices for the shares of our common stock for each full quarterly period within the two most recent years.

Quarter	Year Ended December 31,			
	2009		2008	
	High	Low	High	Low
First	\$ 266.93	\$ 125.88	\$ 376.75	\$ 296.01
Second	303.14	160.46	387.75	310.01
Third	325.22	250.00	431.10	289.07
Fourth	314.05	260.15	399.67	133.05

As of December 31, 2009, there were approximately 389 holders of record of our common stock. In order to maintain our qualification as a REIT under the Internal Revenue Code, we must distribute at least 90% of our taxable income to shareholders. Because the balance of our net operating loss carryover (“NOL”) has exceeded taxable income in the past, there was no distribution requirement. In 2010, we expect our taxable income to exceed the \$16,939,000 remaining balance of our NOL. Accordingly, we expect to pay a dividend in 2010 at an amount sufficient to meet the REIT distribution requirement.

On September 9, 2008, our Board of Directors declared a special dividend of \$7.00 per share, or \$35,571,000 in the aggregate, which was paid on October 30, 2008, to stockholders of record on October 14, 2008. The dividend was attributable to the liquidation of the wholly owned 731 Lexington Avenue taxable REIT subsidiary into Alexander’s.

Recent Sales of Unregistered Securities

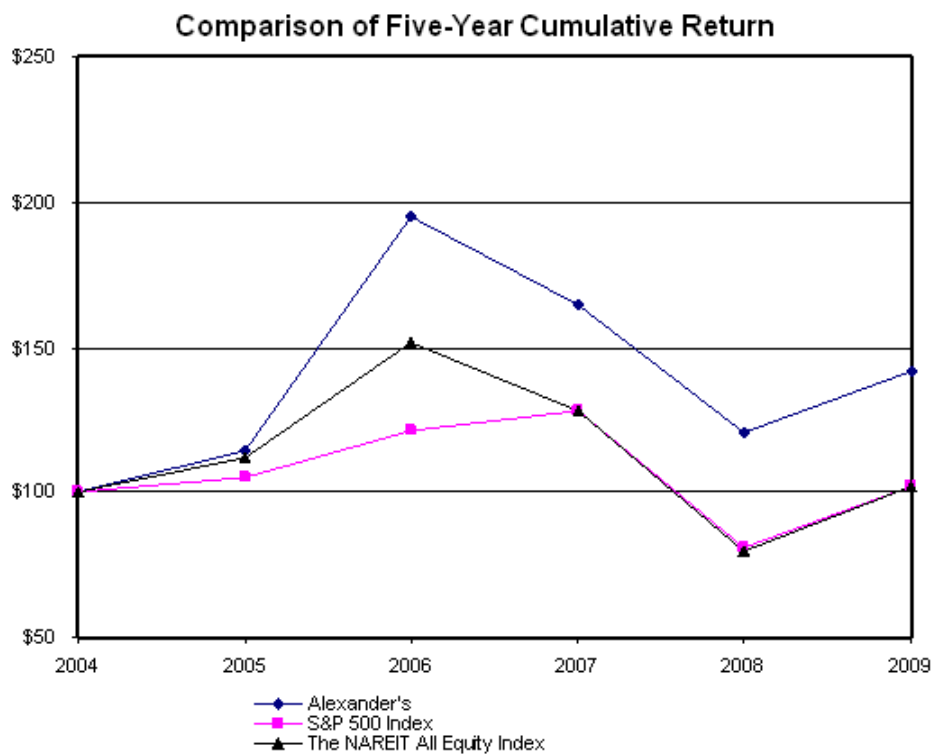
During 2009, we did not sell any unregistered securities.

Recent Purchases of Equity Securities

During 2009, we did not repurchase any of our equity securities.

Performance Graph

The following graph is a comparison of the five-year cumulative return of our common stock, the Standard & Poor's 500 Index (the "S&P 500 Index") and the National Association of Real Estate Investment Trusts' ("NAREIT") All Equity Index (excluding health care real estate investment trusts), a peer group index. The graph assumes that \$100 was invested on December 31, 2004 in our common stock, the S&P 500 Index and the NAREIT All Equity Index and that all dividends were reinvested without the payment of any commissions. There can be no assurance that the performance of our stock will continue in line with the same or similar trends depicted in the graph below.



	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Alexander's	100	114	195	164	120	142
S&P 500 Index	100	105	121	128	81	102
The NAREIT All Equity Index	100	112	151	128	80	102

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial and operating data. This data should be read in conjunction with the consolidated financial statements and notes thereto and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K. This data may not be comparable to, or indicative of, future operating results.

(Amounts in thousands, except per share data)	Year Ended December 31,				
	2009	2008	2007	2006	2005
Total revenues	\$ 223,529	\$ 211,097	\$ 207,980	\$ 198,772	\$ 187,085
Income (loss) before net gain on sale of condominiums ⁽¹⁾	\$ 132,941	\$ 76,295	\$ 115,509	\$ (89,334)	\$ 21,298
Net gain on sale of condominiums after income taxes	—	—	—	13,256	60,943
Net income (loss)	132,941	76,295	115,509	(76,078)	82,241
Net (income) loss attributable to the noncontrolling interest	(751)	(7)	(1,168)	1,095	—
Net income (loss) attributable to Alexander's	\$ 132,190	\$ 76,288	\$ 114,341	\$ (74,983)	\$ 82,241
Income (loss) per common share:					
Income (loss) per common share – basic	\$ 25.90	\$ 15.05	\$ 22.68	\$ (14.92)	\$ 16.38
Income (loss) per common share – diluted	\$ 25.89	\$ 14.96	\$ 22.44	\$ (14.92)	\$ 16.19
Balance sheet data:					
Total assets	\$ 1,703,769	\$ 1,603,568	\$ 1,532,410	\$ 1,447,242	\$ 1,403,317
Real estate, at cost	1,025,234	967,975	835,081	692,388	699,136
Accumulated depreciation and amortization	132,386	114,235	96,183	80,779	88,976
Debt	1,278,964	1,221,255	1,110,197	1,068,498	1,079,465
Total equity	314,626	180,751	137,426	28,337	103,574

(1) Includes a reversal of SARs compensation expense of \$34,275, \$20,254 and \$43,536 in 2009, 2008 and 2007, respectively, and accruals for SARs compensation expense of \$148,613 and \$27,588 in 2006 and 2005, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

Alexander's, Inc. (NYSE: ALX) is a real estate investment trust ("REIT"), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping properties. All references to "we," "us," "our," "Company," and "Alexander's," refer to Alexander's, Inc. and its consolidated subsidiaries. We are managed by, and our properties are leased and developed by, Vornado Realty Trust ("Vornado") (NYSE: VNO). We have seven properties in the greater New York City metropolitan area.

We compete with a large number of property owners and developers. Our success depends upon, among other factors, trends of national and local economies, the financial condition and operating results of current and prospective tenants, the availability and cost of capital, interest rates, construction and renovation costs, taxes, governmental regulations and legislation, population trends, zoning laws, and our ability to lease, sublease or sell our properties, at profitable levels. Our success is also subject to our ability to refinance existing debt as it comes due and on acceptable terms.

The economic recession and illiquidity and volatility in the financial and capital markets have negatively affected substantially all businesses, including ours. Demand for office and retail space has declined nationwide due to bankruptcies, downsizing, layoffs and cost cutting. Real estate transactions and development opportunities have diminished significantly and capitalization rates have risen. These trends have negatively impacted our financial results during 2008 and 2009. It is not possible for us to quantify the impact of the above trends, which may continue in 2010 and beyond, on our future financial results.

Year Ended December 31, 2009 Financial Results Summary

Net income attributable to common stockholders for the year ended December 31, 2009 was \$132,190,000, or \$25.89 per diluted share, compared to \$76,288,000, or \$14.96 per diluted share, for the year ended December 31, 2008. Funds from operations attributable to common stockholders ("FFO") for the year ended December 31, 2009 was \$158,960,000, or \$31.14 per diluted share, compared to \$99,916,000, or \$19.60 per diluted share, for the year ended December 31, 2008.

Net income attributable to common stockholders and FFO for the year ended December 31, 2009 include \$42,472,000, or \$8.32 per diluted share of income, from the reversal of a portion of the liability for income taxes due to the expiration of the applicable statute of limitations and \$34,275,000, or \$6.71 per diluted share, of income from the reversal of a portion of previously recognized stock appreciation rights ("SARs") compensation expense. Net income attributable to common stockholders and FFO for the year ended December 31, 2008 include \$20,254,000, or \$3.97 per diluted share, for the reversal of a portion of previously recognized SARs compensation expense.

Quarter Ended December 31, 2009 Financial Results Summary

Net income attributable to common stockholders for the quarter ended December 31, 2009 was \$15,102,000, or \$2.96 per diluted share, compared to \$54,125,000, or \$10.60 per diluted share, for the quarter ended December 31, 2008. Funds from operations attributable to common stockholders ("FFO") for the quarter ended December 31, 2009 was \$22,372,000, or \$4.38 per diluted share, compared to \$61,155,000, or \$11.98 per diluted share, for the quarter ended December 31, 2008.

Net income attributable to common stockholders and FFO for the quarter ended December 31, 2008 include \$43,584,000, or \$8.54 per diluted share, for the reversal of a portion of previously recognized SARs compensation expense.

Overview – Continued

731 Lexington Avenue

On March 25, 2009, Citibank N.A. completed the assignment of its lease aggregating 176,000 square feet to Bloomberg L.P., which now occupies all of the office space at this property.

Rego Park II

The Rego Park II property, a newly developed 600,000 square foot shopping center, is located adjacent to our Rego Park I property in Queens, New York. As of December 31, 2009, 67% of the shopping center is in service and is leased to three anchor tenants: a 137,000 square foot Costco, a 134,000 square foot Century 21 and a 132,000 square foot Kohl's. Approximately \$235,497,000 was transferred from "Construction in progress" to "Buildings, leaseholds and leasehold improvements" during 2009.

Rego Park I

On March 10, 2009, we repaid the \$78,246,000 outstanding balance of the Rego Park I mortgage loan which was scheduled to mature in June 2009, and simultaneously completed a refinancing in the same amount. The new loan bears interest at 75 basis points, is secured by the property and is 100% cash collateralized. The proceeds of the new loan were placed in a non-interest bearing restricted mortgage escrow account. The loan is prepayable at any time without penalty.

Flushing

In February 2009, we sub-leased the Flushing property to a developer for the remainder of our ground lease term.

Liability for Income Taxes

On September 30, 2009, we reversed a portion of our liability for income taxes due to the expiration of the applicable statute of limitations and recognized an aggregate of \$42,472,000 of income, of which \$37,307,000 was included as a component of "income tax benefit (expense)" and \$5,165,000 was included on a reduction of "interest and debt expense" on our consolidated statement of operations.

SARs

On March 2, 2009, Steven Roth, the Chairman of our Board of Directors and Chief Executive Officer and Michael Fascitelli, our President, each exercised 150,000 SARs which were scheduled to expire on March 4, 2009. Mr. Roth and Mr. Fascitelli each received gross proceeds of \$11,419,000. As a result of the March 2, 2009 exercises, we reversed \$34,275,000 of previously recognized SARs compensation expense. As of December 31, 2009, there were no SARs outstanding.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which 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. Set forth below is a summary of our accounting policies that we believe are critical to the preparation of our consolidated financial statements. This summary should be read in conjunction with a more complete discussion of our accounting policies included in Note 2 to the consolidated financial statements in this Annual Report on Form 10-K.

Real Estate

Real estate is carried at cost, net of accumulated depreciation and amortization. As of December 31, 2009 and 2008, the carrying amount of our real estate, net of accumulated depreciation, was \$892,848,000 and \$853,740,000, respectively. Maintenance and repairs are charged to operations as incurred. Depreciation requires an estimate by management of the useful life of each property and improvement as well as an allocation of the costs associated with a property to its various components. If we do not allocate these costs appropriately or incorrectly estimate the useful lives of our real estate, depreciation expense may be misstated. As real estate is undergoing development activities, all property operating expenses, including interest expense, are capitalized to the cost of the real property to the extent that we believe such costs are recoverable through the value of the property.

Our properties, including any related intangible assets, are individually reviewed for impairment quarterly, if events or circumstances change indicating that the carrying amount of the assets may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over our anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property’s carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If our estimates of the projected future cash flows, our anticipated holding period for properties, or the estimated fair value of properties change based on market conditions or otherwise, our evaluation of impairment charges may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

Allowance for Doubtful Accounts

We periodically evaluate the collectibility of amounts due from tenants, including the receivable arising from the straight-lining of rents, and maintain an allowance for doubtful accounts (\$1,736,000 and \$1,357,000 as of December 31, 2009 and 2008, respectively) for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We exercise judgment in establishing these allowances and consider payment history and current credit status in developing these estimates. These estimates may differ from actual results, which could be material to our consolidated financial statements.

Critical Accounting Policies and Estimates - Continued

Revenue Recognition

We have the following revenue sources and revenue recognition policies:

- Base Rent (revenue arising from tenant leases) – These rents are recognized over the non-cancelable term of the related leases on a straight-line basis, which includes the effects of rent steps and free rent abatements under the leases. We commence rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease.
- Percentage Rent (revenue arising from retail tenant leases that is contingent upon the sales of tenants exceeding defined thresholds) – These rents are recognized only after the contingency has been removed (i.e., the sales threshold has been achieved).
- Expense Reimbursements (revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective properties) – This revenue is accrued in the same periods as the expenses are incurred.
- Parking income (revenue arising from the rental of parking space at our properties) – This income is recognized as cash is received.

We assess, among other things, the collectibility of revenue before recognition. If we incorrectly assess collectibility of revenue, net earnings and assets could be misstated.

Income Taxes

We operate in a manner intended to enable us to continue to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”). As of December 31, 2009, there were approximately 389 holders of record of our common stock. In order to maintain our qualification as a REIT under the Internal Revenue Code, we must distribute at least 90% of our taxable income to shareholders. Because the balance of our net operating loss carryover (“NOL”) has exceeded taxable income in the past, there was no distribution requirement. In 2010, we expect our taxable income to exceed the \$16,939,000 remaining balance of our NOL. Accordingly, we expect to pay a dividend in 2010 at an amount sufficient to meet the REIT distribution requirement.

On September 9, 2008, our Board of Directors declared a special dividend of \$7.00 per share, or \$35,571,000 in the aggregate, which was paid on October 30, 2008, to stockholders of record on October 14, 2008. The dividend was attributable to the liquidation of the wholly owned 731 Lexington Avenue taxable REIT subsidiary into Alexander’s.

Prior to its liquidation on September 12, 2008, our wholly owned subsidiary, 731 Residential LLC, was treated as a taxable REIT subsidiary (“TRS”). The TRS was subject to income tax at regular corporate tax rates. Our NOL were not available to offset taxable income of the TRS. In the year ended December 31, 2008, the TRS paid \$1,742,000 for income taxes.

Under ASC 740, *Income Taxes*, deferred income taxes would be recognized for temporary differences between the financial reporting basis of assets and liabilities and their respective tax basis and for operating loss and tax credit carry-forwards based on enacted tax rates expected to be in effect when such amounts are realized or settled. However, deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors. As of December 31, 2009 and 2008, there were no deferred tax assets or liabilities on our consolidated balance sheets.

Recently Issued Accounting Literature

On June 12, 2009, the FASB issued an update to ASC 810, *Consolidation*, which modifies the existing quantitative guidance used in determining the primary beneficiary of a variable interest entity (“VIE”) by requiring entities to qualitatively assess whether an enterprise is a primary beneficiary, based on whether the entity has (i) power over the significant activities of the VIE, and (ii) an obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. The adoption of this guidance on January 1, 2010 did not have any effect on our consolidated financial statements.

In December 2007, the FASB issued an update to ASC 810, *Consolidation*, which requires a noncontrolling interest in a subsidiary to be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest to be identified in the consolidated financial statements. It also calls for consistency in the manner of reporting changes in the parent’s ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. The amended guidance became effective on January 1, 2009 and resulted in (i) the reclassification of our minority interest in consolidated subsidiary to “noncontrolling interest in consolidated subsidiary,” a component of permanent equity on our consolidated balance sheets, and (ii) the reclassification of minority interest expense to “net income attributable to the noncontrolling interest” on our consolidated statements of operations.

In December 2007, the FASB issued an update to ASC 805, *Business Combinations*, which applies to all transactions and other events in which one entity obtains control over one or more other businesses. It broadens the fair value measurement and recognition of assets acquired, liabilities assumed, and interests transferred as a result of business combinations; and acquisition related costs will generally be expensed rather than included as part of the basis of the acquisition. The amended guidance also expands required disclosures to improve the ability to evaluate the nature and financial effects of business combinations. The amended guidance became effective for all transactions entered into, on or after January 1, 2009. The adoption of this guidance on January 1, 2009, did not have any effect on our consolidated financial statements.

Results of Operations

Years Ended December 31, 2009 and December 31, 2008

Net income attributable to common stockholders was \$132,190,000 for the year ended December 31, 2009, compared to \$76,288,000 for the year ended December 31, 2008. Net income attributable to common stockholders for the year ended December 31, 2009 includes \$42,472,000 of income from the reversal of a portion of the liability for income taxes due to the expiration of the applicable statute of limitations and \$34,275,000 of income from the reversal of a portion of previously recognized SARs compensation expense. Net income attributable to common stockholders for the year ended December 31, 2008 includes \$20,254,000 for the reversal of a portion of previously recognized SARs compensation expense.

Property Rentals

Property rentals were \$155,275,000 in the year ended December 31, 2009, compared to \$143,004,000 in the year ended December 31, 2008, an increase of \$12,271,000. This increase was primarily attributable to anchor tenants at the Rego Park II property whose space was placed into service during the second quarter of 2009.

Expense Reimbursements

Tenant expense reimbursements were \$68,254,000 in the year ended December 31, 2009, compared to \$68,093,000 in the year ended December 31, 2008, an increase of \$161,000.

Operating Expenses

Operating expenses were \$73,340,000 in the year ended December 31, 2009, compared to \$77,110,000 in the year ended December 31, 2008, a decrease of \$3,770,000. This decrease resulted primarily from a \$3,707,000 write-off in 2008 of the receivable arising from the straight-lining of rent in connection with Circuit City's lease termination at Rego Park I.

General and Administrative Expenses

General and administrative expenses decreased by \$1,065,000 from the prior year, excluding (i) \$34,275,000 and \$20,254,000 for the reversal of a portion of previously recognized SARs compensation expense in the current and prior year, respectively, and (ii) \$1,407,000 for the write-off of previously capitalized costs at our Flushing property in the current year. This decrease resulted primarily from lower professional fees.

Results of Operations - Continued

Depreciation and Amortization

Depreciation and Amortization was \$27,284,000 in the year ended December 31, 2009, compared to \$24,066,000 in the year ended December 31, 2008, an increase of \$3,218,000. This increase resulted primarily from depreciation on the portion of Rego Park II placed into service during 2009, partially offset by a write-off of \$1,430,000 of tenant improvements relating to the Circuit City lease at Rego Park I in 2008.

Interest and Other Income, net

Interest and other income, net was \$2,847,000 in the year ended December 31, 2009, compared to \$15,222,000 in the prior year, a decrease of \$12,375,000. This decrease was primarily comprised of (i) \$8,448,000 from lower average yields on investments (0.48% in the year ended December 31, 2009 as compared to 2.29% in the prior year), (ii) \$2,164,000 from lower average cash balances and (iii) \$1,872,000 from the net gain on the sale of real estate tax abatement certificates in 2008.

Interest and Debt Expense

Interest and debt expense was \$57,992,000 in the year ended December 31, 2009, compared to \$62,474,000 in the prior year, a decrease of \$4,482,000. This decrease was primarily comprised of (i) a \$5,165,000 reversal of a portion of the liability for income taxes in the current year (which was previously recognized as interest expense), due to the expiration of the applicable statute of limitations, (ii) a \$4,237,000 decrease in interest from the refinancing of the Rego Park I mortgage loan in March 2009, (iii) a \$1,021,000 decrease in interest on the Rego Park II construction loan, primarily due to a lower average interest rate (1.58% in the year ended December 31, 2009 as compared to 3.81% in the prior year), (iv) a \$569,000 decrease in interest on the income tax liability due to the reversal of a portion of the liability in the current year, (v) a \$519,000 loss on the early extinguishment of debt and (vi) a \$507,000 decrease in interest on the leasing commissions due to Vornado, mainly due to a lower rate in the current period, partially offset by (vii) \$7,132,000 of lower capitalized interest as a result of placing a portion of the Rego Park II property into service during 2009.

Income Tax Benefit (Expense)

In the year ended December 31, 2009, we had an income tax benefit of \$36,935,000, compared to an expense of \$941,000 in the prior year. This year's tax benefit was due to the reversal of a portion of the liability for income taxes due to the expiration of the applicable statute of limitations. The prior year's tax expense relates primarily to the interest income of our taxable REIT subsidiary, which was liquidated during the fourth quarter of 2008.

Net Income Attributable to the Noncontrolling Interest

Net income attributable to the noncontrolling interest was \$751,000 in the year ended December 31, 2009, compared to \$7,000 in the prior year, and represents our venture partner's 75% pro rata share of net income from our consolidated partially owned entity, the Kings Plaza energy plant joint venture.

Results of Operations – Continued

Years Ended December 31, 2008 and December 31, 2007

Net income attributable to common stockholders was \$76,288,000 for the year ended December 31, 2008, compared to \$114,341,000 for the year ended December 31, 2007. Net income attributable to common stockholders for the year ended December 31, 2008 includes \$20,254,000 for the reversal of a portion of previously recognized SARs compensation expense, compared to \$43,536,000 for such reversal in 2007.

Property Rentals

Property rentals were \$143,004,000 in the year ended December 31, 2008, compared to \$141,629,000 in the year ended December 31, 2007, an increase of \$1,375,000. This increase was primarily attributable to the Lowe's ground lease at Kings Plaza, which commenced at the end of February 2007.

Expense Reimbursements

Tenant expense reimbursements were \$68,093,000 in the year ended December 31, 2008, compared to \$66,351,000 in the year ended December 31, 2007, an increase of \$1,742,000, which resulted primarily from higher real estate taxes.

Operating Expenses

Operating expenses were \$77,110,000 in the year ended December 31, 2008, compared to \$70,496,000 in the year ended December 31, 2007, an increase of \$6,614,000. This increase results primarily from (i) a \$3,707,000 write-off in 2008 of the Circuit City receivables, primarily related to the straight-lining of rents, (ii) higher real estate taxes of \$1,601,000 and (iii) higher bad debt expense of \$624,000.

General and Administrative Expenses

Excluding \$20,254,000 for the reversal of a portion of SARs compensation expense in the year ended December 31, 2008 and \$43,536,000 for such reversal in 2007, general and administrative expenses were higher by \$490,000 in the current year.

Depreciation and Amortization

Depreciation and Amortization was \$24,066,000 in the year ended December 31, 2008, compared to \$22,343,000 in the year ended December 31, 2007, an increase of \$1,723,000. This increase resulted primarily from a write-off of \$1,430,000 of tenant improvements relating to the Circuit City lease at Rego Park I.

Interest and Other Income, net

Interest and other income, net was \$15,222,000 in the year ended December 31, 2008, compared to \$27,351,000 in the year ended December 31, 2007, a decrease of \$12,129,000. This decrease was primarily comprised of \$12,584,000 from 2.3% lower average yields on existing cash balances and a \$1,349,000 gain on sale of certain "emission reduction credits" attributable to the Kings Plaza energy plant joint venture in 2007, partially offset by \$1,872,000 for the net gain on the sale of real estate tax abatement certificates in 2008.

Interest and Debt Expense

Interest and debt expense was \$62,474,000 in the year ended December 31, 2008, compared to \$65,322,000 in the year ended December 31, 2007, a decrease of \$2,848,000. This decrease was primarily due to higher capitalized interest in 2008 as a result of our Rego Park II development project, partially offset by higher average debt outstanding.

Income Tax Benefit (Expense)

Income tax expense was \$941,000 in the year ended December 31, 2008, and relates primarily to the interest income of our taxable REIT subsidiary, which was liquidated during the fourth quarter of 2008.

Net Income Attributable to the Noncontrolling Interest

Net income attributable to the noncontrolling interest was \$7,000 in the year ended December 31, 2008, compared to \$1,168,000 in 2007, a decrease of \$1,161,000, and represents our venture partner's 75% pro rata share of net income in our consolidated partially owned entity, the Kings Plaza energy plant joint venture, which became operational in March 2007. This decrease results primarily from net income attributable to our venture partner for their share of the net gain on the sale of certain "emission reduction credits" in 2007.

Related Party Transactions

Vornado

At December 31, 2009, Vornado owned 32.4% of our outstanding common stock. We are managed by, and our properties are leased and developed by, Vornado, pursuant to the agreements described below, which expire in March of each year and are automatically renewable. Steven Roth is the Chairman of our Board of Directors and our Chief Executive Officer, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board of Trustees of Vornado. At December 31, 2009, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado) owned, in the aggregate, 27.2% of our outstanding common stock, in addition to the 2.4% they indirectly own through Vornado. Michael D. Fascitelli, President and Chief Executive Officer of Vornado, is our President and a member of our Board of Directors. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

Management and Development Agreements

We pay Vornado an annual management fee equal to the sum of (i) \$3,000,000, (ii) 3% of gross income from the Kings Plaza Regional Shopping Center, (iii) \$0.50 per square foot of the tenant-occupied office and retail space at 731 Lexington Avenue, and (iv) \$241,000, escalating at 3% per annum, for managing the common area of 731 Lexington Avenue.

In addition, Vornado is entitled to a development fee of 6% of development costs, as defined, with a minimum guaranteed fee of \$750,000 per annum. The development fee for the Rego Park II project is estimated to be approximately \$17,500,000, of which \$3,371,000 has been paid as of December 31, 2009. The balance is due on substantial completion of the construction, as defined.

Leasing Agreements

Vornado also provides us with leasing services for a fee of 3% of rent for the first ten years of a lease term, 2% of rent for the eleventh through the twentieth year of a lease term, and 1% of rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by tenants. In the event third-party real estate brokers are used, the fees to Vornado increase by 1% and Vornado is responsible for the fees to the third-party real estate brokers. Vornado is also entitled to a commission upon the sale of any of our assets equal to 3% of gross proceeds, as defined, for asset sales less than \$50,000,000 and 1% of gross proceeds, as defined, for asset sales of \$50,000,000 or more. The total of these amounts is payable in annual installments in an amount not to exceed \$4,000,000, with interest on the unpaid balance at LIBOR plus 1% (3.02% at December 31, 2009).

Related Party Transactions – continued***Other Agreements***

We have agreements with Building Maintenance Services, a wholly owned subsidiary of Vornado, to supervise cleaning, engineering and security services at our Lexington Avenue and Kings Plaza properties for an annual fee of the cost for such services plus 6%.

At December 31, 2009, we owed Vornado \$41,857,000 for leasing fees, \$13,961,000 for development fees and \$848,000 for management, property management and cleaning fees. The following table shows the amounts incurred under the agreements discussed above.

(Amounts in thousands)	Year Ended December 31,		
	2009	2008	2007
Company management fees	\$ 3,000	\$ 3,000	\$ 3,000
Development fees	3,215	6,520	6,476
Leasing fees	15,681	2,946	4,411
Property management fees and payments for cleaning, engineering and security services	4,108	4,146	4,530
	<u>\$ 26,004</u>	<u>\$ 16,612</u>	<u>\$ 18,417</u>

Special Dividend

On September 9, 2008, our Board of Directors declared a special dividend of \$7.00 per share, or \$35,571,000 in the aggregate, which was paid on October 30, 2008, to stockholders of record on October 14, 2008. The dividend was attributable to the liquidation of the wholly owned 731 Lexington Avenue taxable REIT subsidiary into Alexander's. Accordingly, we paid Vornado \$11,578,000 for their share of this dividend.

Other

In the years ended December 31, 2009, 2008 and 2007, Winston & Strawn LLP, a law firm in which Neil Underberg, a member of our Board of Directors, is of counsel, performed legal services for us for which it was paid \$94,000, \$46,000, and \$219,000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We anticipate that cash from operations, together with existing cash balances, will be adequate to fund our business operations, recurring capital expenditures, debt amortization and expected distributions to stockholders over the next twelve months.

Development Projects

Rego Park II

The Rego Park II property, a newly developed 600,000 square foot shopping center, is located adjacent to our Rego Park I property in Queens, New York. As of December 31, 2009, 67% of the center is in service and \$367,000,000 was expended under the total construction budget of \$410,000,000. \$266,411,000 was drawn on the construction loan, which has an interest rate of LIBOR plus 1.20% (1.48% at December 31, 2009) and matures in December 2010 with a one-year extension option. The estimated costs to complete this project are expected to be funded by the existing construction loan.

Insurance

We maintain general liability with limits of \$300,000,000 per occurrence and in the aggregate and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, with sub-limits for certain perils such as floods and earthquakes on each of our properties. There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. We are responsible for deductibles and losses in excess of our insurance coverage, which could be material.

Our mortgage loans are non-recourse to us, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance and/or refinance our properties.

Dividends

In order to maintain our qualification as a REIT under the Internal Revenue Code, we must distribute at least 90% of our taxable income to shareholders. Because the balance of our NOL has exceeded taxable income in the past, there was no distribution requirement. In 2010, we expect our taxable income to exceed the \$16,939,000 remaining balance of our NOL. Accordingly, we expect to pay a dividend in 2010 at an amount sufficient to meet the REIT distribution requirement.

LIQUIDITY AND CAPITAL RESOURCES – continued
Debt and Contractual Obligations

Below is a summary of our outstanding debt at December 31, 2009.

(Amounts in thousands)	<u>Balance</u>	<u>Interest Rate</u>	<u>Maturity</u>
Rego Park II ⁽¹⁾	\$ 266,411	1.48%	Dec. 2010
Kings Plaza	183,318 ⁽²⁾	7.46%	Jun. 2011
Paramus	68,000	5.92%	Oct. 2011
Rego Park I ⁽³⁾	78,246	0.75%	Mar. 2012
Lexington Office	362,989	5.33%	Feb. 2014
Lexington Retail ⁽⁴⁾	320,000	4.93%	Jul. 2015
	<u>\$ 1,278,964</u>		

(1) This loan bears interest at LIBOR plus 1.20% and has a one-year extension option.

(2) On October 20, 2009, we acquired \$11,948 of this CMBS debt in the open market for \$12,467 in cash, resulting in a \$519 net loss on early extinguishment of debt which is included as a component of interest expense on our consolidated statement of income.

(3) On March 10, 2009, we repaid the \$78,246 outstanding balance of the Rego Park I mortgage loan which was scheduled to mature in June 2009 and simultaneously completed a refinancing in the same amount. The new loan bears interest at 75 basis points, is secured by the property and is 100% cash collateralized. The proceeds of the new loan were placed in a non-interest bearing restricted mortgage escrow account. The loan is prepayable at any time without penalty.

(4) In the event of a substantial casualty, up to \$75,000 of this loan may become recourse to us.

Below is a summary of our contractual obligations, including future interest as applicable, as of December 31, 2009.

(Amounts in thousands)	<u>Total</u>	<u>Less than One Year</u>	<u>One to Three Years</u>	<u>Three to Five Years</u>	<u>More than Five Years</u>
Contractual obligations:					
Long-term debt obligations	\$ 1,478,229	\$ 342,827	\$ 428,269	\$ 379,241	\$ 327,892
Operating lease obligations	13,821	802	1,605	1,605	9,809
Purchase obligations, primarily construction commitments	4,638	4,638	—	—	—
Other obligations	63,212	17,961	8,000	8,000	29,251
	<u>\$ 1,559,900</u>	<u>\$ 366,228</u>	<u>\$ 437,874</u>	<u>\$ 388,846</u>	<u>\$ 366,952</u>
Commitments:					
Standby letters of credit	<u>\$ 7,998</u>	<u>\$ 7,998</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The table above excludes \$7,450,000 of liabilities for income taxes for which the timing of future cash outflows is uncertain.

Cash Flows

Rental income from our properties is our principal source of operating cash flow. Property rental income is dependent on a number of factors including the occupancy level and rental rates of our properties, as well as our tenants' ability to pay their rents. Our properties provide us with a relatively consistent stream of cash flow that enables us to pay our operating expenses, interest expense, non-development capital improvements and dividend distributions to our stockholders. Other sources of liquidity to fund cash requirements include our existing cash, proceeds from debt financings, including mortgage or construction loans secured by our properties and proceeds from asset sales.

Year Ended December 31, 2009

Cash and cash equivalents were \$412,734,000 at December 31, 2009, compared to \$515,940,000 at December 31, 2008, a decrease of \$103,206,000. This decrease resulted from \$201,282,000 of net cash used in investing activities, partially offset by \$58,497,000 of net cash provided by financing activities and \$39,579,000 of net cash provided by operating activities.

Net cash provided by operating activities of \$39,579,000 was comprised of net income of \$132,941,000, partially offset by adjustments for non-cash items of \$67,799,000 and the net change in operating assets and liabilities of \$25,563,000. The adjustments for non-cash items were comprised of (i) a \$42,472,000 reversal of a portion of the liability for income taxes, (ii) a reversal of the liability for SARs compensation expense of \$34,275,000 and (iii) straight-lining of rental income of \$23,381,000, partially offset by (iv) depreciation and amortization of \$30,445,000 and (v) other non-cash adjustments of \$1,884,000. The net change in operating assets and liabilities of \$25,563,000 included a \$22,838,000 payment for SARs compensation expense.

Net cash used in investing activities of \$201,282,000 was primarily comprised of restricted cash of \$86,427,000, primarily related to the fully cash-collateralized mortgage at Rego Park I, capital expenditures of \$74,855,000, primarily related to the development of our Rego Park II project, and short-term investments of \$40,000,000.

Net cash provided by financing activities of \$58,497,000 was primarily comprised of \$162,961,000 of proceeds from a construction loan to fund expenditures for our Rego Park II project, partially offset by repayments of borrowings of \$105,252,000.

Year Ended December 31, 2008

Cash and cash equivalents were \$515,940,000 at December 31, 2008, compared to \$560,231,000 at December 31, 2007, a decrease of \$44,291,000. This decrease resulted from \$131,638,000 of net cash used in investing activities, primarily related to capital expenditures at our Rego Park II project, partially offset by \$78,088,000 of net cash provided by financing activities and \$9,259,000 of net cash provided by operating activities.

Net cash provided by operating activities of \$9,259,000 was primarily comprised of (i) net income of \$76,295,000, partially offset by, (ii) the net change in operating assets and liabilities of \$64,467,000 and (iii) adjustments for non-cash items of \$2,569,000. The net change in operating assets and liabilities was primarily comprised of a \$62,808,000 payment for a portion of the liability for SARs compensation expense. The adjustments for non-cash items were primarily comprised of (a) a reversal of a portion of the liability for SARs compensation expense of \$20,254,000 and (b) straight-lining of rental income of \$10,113,000, partially offset by (c) depreciation and amortization of \$26,719,000.

Net cash used in investing activities of \$131,638,000 was primarily comprised of capital expenditures of \$134,554,000, primarily related to the development of our Rego Park II project.

Net cash provided by financing activities of \$78,088,000 was primarily comprised of \$125,909,000 of proceeds from a construction loan to fund expenditures for our Rego Park II project, partially offset by the payment of a special dividend of \$35,571,000 and repayments of borrowings of \$14,851,000.

LIQUIDITY AND CAPITAL RESOURCES – Continued

Year Ended December 31, 2007

Cash and cash equivalents were \$560,231,000 at December 31, 2007, compared to \$615,516,000 at December 31, 2006, a decrease of \$55,285,000. This decrease resulted primarily from \$111,612,000 of net cash used in investing activities, primarily related to capital expenditures at our Rego Park II project, partially offset by \$30,035,000 of net cash provided by financing activities and \$26,292,000 of net cash provided by operating activities.

Net cash provided by operating activities of \$26,292,000 was primarily comprised of (i) net income of \$115,509,000, partially offset by, (ii) the net change in operating assets and liabilities of \$55,216,000 and (iii) adjustments for non-cash items of \$34,001,000. The net change in operating assets and liabilities was primarily comprised of a \$50,465,000 payment for a portion of the liability for SARs compensation expense. The adjustments for non-cash items were primarily comprised of (a) a reversal of a portion of the liability for SARs compensation expense of \$43,536,000 and (b) straight-lining of rental income of \$15,456,000, partially offset by (c) depreciation and amortization of \$24,991,000.

Net cash used in investing activities of \$111,612,000 was primarily comprised of capital expenditures of \$110,307,000, primarily related to the development of our Rego Park II project.

Net cash provided by financing activities of \$30,035,000 was primarily comprised of \$55,786,000 of proceeds from a construction loan to fund expenditures, for our Rego Park II project, partially offset by \$14,087,000 for scheduled repayments of borrowings and \$12,227,000 for debt issuance costs in connection with obtaining a construction loan.

Funds from Operations (“FFO”) for the Years Ended December 31, 2009 and 2008

FFO is computed in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”). NAREIT defines FFO as GAAP net income or loss adjusted to exclude net gains from sales of depreciated real estate assets and GAAP extraordinary items, and to include depreciation and amortization expense from real estate assets 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.

FFO attributable to common stockholders for the year ended December 31, 2009 was \$158,960,000, or \$31.14 per diluted share, compared to \$99,916,000, or \$19.60 per diluted share, for the year ended December 31, 2008. FFO attributable to common stockholders for the year ended December 31, 2009 includes \$42,472,000, or \$8.32 per diluted share of income from the reversal of a portion of the liability for income taxes, due to the expiration of the applicable statute of limitations and \$34,275,000, or \$6.71 per diluted share, of income from the reversal of previously recognized SARs compensation expense. FFO attributable to common stockholders for the year ended December 31, 2008 includes \$20,254,000, or \$3.97 per diluted share, for the reversal of previously recognized SARs compensation expense.

FFO attributable to common stockholders for the quarter ended December 31, 2009 was \$22,372,000, or \$4.38 per diluted share, compared to \$61,155,000, or \$11.98 per diluted share, for the quarter ended December 31, 2008. FFO attributable to common stockholders for the quarter ended December 31, 2008 includes \$43,584,000, or \$8.54 per diluted share, for the reversal of previously recognized SARs compensation expense.

(Amounts in thousands, except share and per share amounts)	For the Year Ended December 31,		For the Quarter Ended December 31,	
	2009	2008	2009	2008
Net income attributable to Alexander’s	\$ 132,190	\$ 76,288	\$ 15,102	\$ 54,125
Depreciation and amortization of real property	26,770	23,628	7,270	7,030
FFO attributable to common stockholders	<u>\$ 158,960</u>	<u>\$ 99,916</u>	<u>\$ 22,372</u>	<u>\$ 61,155</u>
FFO attributable to common stockholders per diluted share	<u>\$ 31.14</u>	<u>\$ 19.60</u>	<u>\$ 4.38</u>	<u>\$ 11.98</u>
Weighted average shares used in computing FFO per diluted share	<u>5,105,370</u>	<u>5,098,529</u>	<u>5,105,936</u>	<u>5,104,745</u>

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to fluctuations in interest rates, which are sensitive to many factors that are beyond our control. Our exposure to a change in interest rates is summarized in the table below.

(Amounts in thousands, except per share amounts)	Balance as of December 31, 2009	Weighted-Average Interest Rate	Effect of 1% Change in Base Rates
Variable (including \$56,666 due to Vornado)	\$ 323,077	1.75%	\$ 3,231
Fixed Rate	1,012,553	5.28%	—
	<u>\$ 1,335,630</u>		<u>\$ 3,231</u>
Total effect on diluted earnings per share			<u>\$ 0.63</u>

The fair value of our consolidated debt is calculated by discounting the future contractual cash flows of our existing debt using the current rates available to borrowers with similar credit ratings for the remaining terms of such debt. As of December 31, 2009 and 2008, the estimated fair value of our consolidated debt was less than the aggregate carrying amount by approximately \$120,129,000 and \$118,485,000, respectively. Our fair value estimates are not necessary indicative of the amounts that would be realized upon disposition of our financial instruments.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Alexander's, Inc.
Paramus, New Jersey

We have audited the accompanying consolidated balance sheets of Alexander's, Inc. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Alexander's, Inc. and subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, in 2009 the Company changed its method of accounting for minority interest to conform to the new accounting guidance on the accounting for noncontrolling interest, and, retrospectively, adjusted the 2008 and 2007 consolidated financial statements for the changes.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 22, 2010

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	December 31,	
	2009	2008
ASSETS		
Real estate, at cost:		
Land	\$ 74,974	\$ 74,974
Buildings, leaseholds and leasehold improvements	832,761	598,114
Construction in progress	117,499	294,887
Total	1,025,234	967,975
Accumulated depreciation and amortization	(132,386)	(114,235)
Real estate, net	892,848	853,740
Cash and cash equivalents	412,734	515,940
Short-term investments	40,000	—
Restricted cash	91,484	5,057
Accounts receivable, net of allowance for doubtful accounts of \$1,736 and \$1,357, respectively	2,159	6,580
Receivable arising from the straight-lining of rents	160,498	137,117
Deferred lease and other property costs, net (including unamortized leasing fees to Vornado of \$50,713 and \$38,698, respectively)	71,285	61,525
Deferred debt issuance costs, net of accumulated amortization of \$15,349, and \$13,120, respectively	11,616	12,910
Other assets	21,145	10,699
Total assets	\$ 1,703,769	\$ 1,603,568
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt	\$ 1,278,964	\$ 1,221,255
Amounts due to Vornado	56,666	44,086
Accounts payable and accrued expenses	45,208	51,192
Liability for income taxes and other	8,305	48,826
Liability for stock appreciation rights	—	57,458
Total Liabilities	1,389,143	1,422,817
Commitments and contingencies		
Stockholders' Equity		
Preferred stock: \$1.00 par value per share; authorized, 3,000,000 shares; issued and outstanding, none	—	—
Common stock: \$1.00 par value per share; authorized, 10,000,000 shares; issued 5,173,450 shares; outstanding, 5,105,936 and 5,091,590 shares, respectively	5,173	5,173
Additional capital	31,501	30,647
Retained earnings	275,921	143,731
	312,595	179,551
Treasury stock: 67,514 and 81,860 shares, at cost	(375)	(455)
Total Alexander's equity	312,220	179,096
Noncontrolling interest in consolidated subsidiary	2,406	1,655
Total equity	314,626	180,751
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,703,769	\$ 1,603,568

See notes to consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts)

	Year Ended December 31,		
	2009	2008	2007
REVENUES			
Property rentals	\$ 155,275	\$ 143,004	\$ 141,629
Expense reimbursements	68,254	68,093	66,351
Total revenues	<u>223,529</u>	<u>211,097</u>	<u>207,980</u>
EXPENSES			
Operating (including fees to Vornado of \$4,948, \$4,986 and \$5,370, respectively)	73,340	77,110	70,496
General and administrative (including a reversal of stock appreciation rights ("SARs") expense of \$34,275, \$20,254 and \$43,536, respectively, and management fees to Vornado of \$2,160 in each year)	(28,246)	(14,567)	(38,339)
Depreciation and amortization	27,284	24,066	22,343
Total expenses	<u>72,378</u>	<u>86,609</u>	<u>54,500</u>
OPERATING INCOME	151,151	124,488	153,480
Interest and other income, net	2,847	15,222	27,351
Interest and debt expense	(57,992)	(62,474)	(65,322)
Income before income taxes	96,006	77,236	115,509
Income tax benefit (expense)	36,935	(941)	—
Net income	132,941	76,295	115,509
Net income attributable to the noncontrolling interest	(751)	(7)	(1,168)
Net income attributable to Alexander's	<u>\$ 132,190</u>	<u>\$ 76,288</u>	<u>\$ 114,341</u>
Net income per common share - basic	<u>\$ 25.90</u>	<u>\$ 15.05</u>	<u>\$ 22.68</u>
Net income per common share - diluted	<u>\$ 25.89</u>	<u>\$ 14.96</u>	<u>\$ 22.44</u>

See notes to consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands)

	Common Stock	Additional Capital	Retained Earnings	Treasury Stock	Total Alexander's Equity	Noncontrolling Interest	Total Equity
Balance, January 1, 2007	\$ 5,173	\$ 27,118	\$ (11,327)	\$ (765)	\$ 20,199	\$ 1,155	\$ 21,354
Net Income	—	—	114,341	—	114,341	1,168	115,509
Common shares issued under option plan	—	518	—	45	563	—	563
Balance, December 31, 2007	5,173	27,636	103,014	(720)	135,103	2,323	137,426
Net income	—	—	76,288	—	76,288	7	76,295
Special cash dividend (\$7.00 per share)	—	—	(35,571)	—	(35,571)	—	(35,571)
Distributions	—	—	—	—	—	(675)	(675)
Common shares issued under option plan	—	3,011	—	265	3,276	—	3,276
Balance, December 31, 2008	5,173	30,647	143,731	(455)	179,096	1,655	180,751
Net income	—	—	132,190	—	132,190	751	132,941
Common shares issued under option plan	—	854	—	80	934	—	934
Balance, December 31, 2009	<u>\$ 5,173</u>	<u>\$ 31,501</u>	<u>\$ 275,921</u>	<u>\$ (375)</u>	<u>\$ 312,220</u>	<u>\$ 2,406</u>	<u>\$ 314,626</u>

See notes to consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended December 31,		
	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 132,941	\$ 76,295	\$ 115,509
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amortization of debt issuance costs)	30,445	26,719	24,991
Liability for stock appreciation rights	(34,275)	(20,254)	(43,536)
Straight-lining of rental income	(23,381)	(10,113)	(15,456)
Reversal of income tax liability	(42,472)	(800)	—
Net gain on sale of real estate tax abatement certificates	—	(1,872)	—
Other non-cash adjustments	1,884	3,751	—
Change in operating assets and liabilities:			
Accounts receivable, net	4,421	(635)	(2,624)
Other assets	(12,421)	(3,947)	(1,631)
Payment for stock appreciation rights	(22,838)	(62,808)	(50,465)
Accounts payable and accrued expenses	4,668	(4,467)	(8,117)
Income tax liability of taxable REIT subsidiary	2,054	2,549	2,466
Amounts due to Vornado	(1,344)	4,898	5,195
Other liabilities	(103)	(57)	(40)
Net cash provided by operating activities	<u>39,579</u>	<u>9,259</u>	<u>26,292</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Restricted cash	(86,427)	(70)	(1,305)
Construction in progress and real estate additions	(74,855)	(134,554)	(110,307)
Purchases of short-term investments	(55,000)	—	—
Proceeds from maturing short-term investments	15,000	—	—
Proceeds from the sale of real estate tax abatement certificates	—	2,986	—
Net cash used in investing activities	<u>(201,282)</u>	<u>(131,638)</u>	<u>(111,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	162,961	125,909	55,786
Debt repayments	(105,252)	(14,851)	(14,087)
Exercise of stock options	934	3,276	563
Debt issuance costs	(146)	—	(12,227)
Payment of special dividend	—	(35,571)	—
Distributions to the noncontrolling interest	—	(675)	—
Net cash provided by financing activities	<u>58,497</u>	<u>78,088</u>	<u>30,035</u>
Net decrease in cash and cash equivalents	(103,206)	(44,291)	(55,285)
Cash and cash equivalents at beginning of year	515,940	560,231	615,516
Cash and cash equivalents at end of year	<u>\$ 412,734</u>	<u>\$ 515,940</u>	<u>\$ 560,231</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash payments for interest (of which \$3,452, \$10,584 and \$4,567 have been capitalized)	<u>\$ 57,906</u>	<u>\$ 68,097</u>	<u>\$ 64,839</u>
Cash payments for income taxes	<u>\$ 127</u>	<u>\$ 1,742</u>	<u>\$ 1,580</u>
Non-cash additions to real estate included in accounts payable and accrued expenses	<u>\$ 22,409</u>	<u>\$ 33,406</u>	<u>\$ 34,319</u>

See notes to consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Alexander's, Inc. (NYSE: ALX) is a real estate investment trust ("REIT"), incorporated in Delaware, engaged in leasing, managing, developing and redeveloping its properties. All references to "we," "us," "our," "Company" and "Alexander's" refer to Alexander's, Inc. and its consolidated subsidiaries. We are managed by, and our properties are leased and developed by, Vornado Realty Trust ("Vornado") (NYSE: VNO).

We have seven properties in the greater New York City metropolitan area consisting of:

Operating properties

- (i) the 731 Lexington Avenue property, a 1,307,000 square foot multi-use building, comprises the entire square block bounded by Lexington Avenue, East 59th Street, Third Avenue and East 58th Street in Manhattan. The building contains 885,000 and 174,000 of net rentable square feet of office and retail space, respectively, which we own, and 248,000 square feet of residential space consisting of 105 condominium units, which we sold. Bloomberg L.P. occupies all of the office space. The Home Depot (83,000 square feet), The Container Store (34,000 square feet) and Hennes & Mauritz (27,000 square feet) are the principal retail tenants;
- (ii) the Kings Plaza Regional Shopping Center contains 1,351,000 square feet and is located on Flatbush Avenue in Brooklyn. The center is anchored by a 289,000 square foot Sears department store and a 339,000 square foot Macy's (owned by Macy's, Inc.);
- (v) the Rego Park I shopping center contains 351,000 square feet and is located on Queens Boulevard and 63rd Road in Queens. The center is anchored by a 195,000 square foot Sears department store, a 46,000 square foot Bed Bath & Beyond and a 39,000 square foot Marshalls;
- (vi) the Rego Park II property, a newly developed 600,000 square foot shopping center, is located adjacent to our Rego Park I property in Queens. As of December 31, 2009, 67% of the shopping center is in service and is leased to three anchor tenants: a 137,000 square foot Costco, a 134,000 square foot Century 21 and a 132,000 square foot Kohl's;
- (v) the Paramus property, located at the intersection of Routes 4 and 17 in Paramus, New Jersey, consists of 30.3 acres of land leased to IKEA Property, Inc.;
- (vi) the Flushing property, a 177,000 square foot building, is located at Roosevelt Avenue and Main Street in Queens and is sub-leased to a developer for the remainder of our ground lease term;

Property to be developed

- (vii) the Rego Park III property is a 3.4 acre land parcel adjacent to our Rego Park II property in Queens at the intersection of Junction Boulevard and the Horace Harding Service Road.

We have determined that our properties have similar economic characteristics and meet the criteria which permit the properties to be aggregated into one reportable segment (the leasing, management, development and redeveloping of properties in the greater New York City metropolitan area). Our chief operating decision-maker assesses and measures segment operating results based on a performance measure referred to as net operating income at the individual operating segment. Net operating income for each property represents net rental revenues less operating expenses.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying consolidated financial statements include our accounts and those of our consolidated subsidiaries. All significant intercompany amounts have been eliminated. Our financial statements are prepared in conformity with the accounting principles generally accepted in the United States of America (“GAAP”), which 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.

On July 1, 2009, the Financial Accounting Standards Board (“FASB”) established the Accounting Standards Codification (“ASC”) as the primary source of authoritative GAAP recognized by the FASB to be applied to nongovernmental entities. Although the establishment of the ASC did not change current GAAP, it did change the way we refer to GAAP throughout this document to reflect the updated referencing convention. Certain prior year balances have been reclassified in order to conform to current year presentation as a result of an update to ASC 810, *Consolidation*. See page 48 for details.

We currently operate in one business segment.

Real Estate – Real estate is carried at cost, net of accumulated depreciation and amortization. Maintenance and repairs are charged to operations as incurred. Depreciation requires an estimate by management of the useful life of each property and improvement as well as an allocation of the costs associated with a property to its various components. If we do not allocate these costs appropriately or incorrectly estimate the useful lives of our real estate, depreciation expense may be misstated. As real estate is undergoing development activities, all property operating expenses, including interest expense, are capitalized to the cost of the real property to the extent that we believe such costs are recoverable through the value of the property.

Our properties, including any related intangible assets, are individually reviewed for impairment quarterly, if events or circumstances change indicating that the carrying amount of the assets may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over our anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property’s carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If our estimates of the projected future cash flows, our anticipated holding period for properties, or the estimated fair value of properties change based on market conditions or otherwise, our evaluation of impairment charges may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

Cash and Cash Equivalents – Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. Cash and cash equivalents do not include short-term investments in certificates of deposit with original maturities greater than three months.

Short-term Investments – Short-term investments consist solely of certificates of deposit placed through an account registry service (“CDARS”) with original maturities of 91 to 180 days. These investments are FDIC insured and classified as available-for-sale.

Restricted Cash – Restricted cash consists of cash held in a non-interest bearing escrow account in connection with our Rego Park I mortgage refinancing, as well as security deposits and other cash escrowed under loan agreements for debt service, real estate taxes, property insurance and capital improvements.

Allowance for Doubtful Accounts – We periodically evaluate the collectibility of amounts due from tenants, including the receivable arising from the straight-lining of rents, and maintain an allowance for doubtful accounts (\$1,736,000 and \$1,357,000 as of December 31, 2009 and 2008, respectively) for estimated losses resulting from the inability of tenants to make required payments under the lease agreements. We exercise judgment in establishing these allowances and consider payment history and current credit status in developing these estimates.

Deferred Charges – Direct financing costs are deferred and amortized over the terms of the related agreements as a component of interest and debt expense. Direct costs related to leasing activities are capitalized and amortized on a straight-line basis over the lives of the related leases. All other deferred charges are amortized on a straight-line basis, which approximates the effective interest rate method, in accordance with the terms of the agreements to which they relate.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments – The fair value of our consolidated debt is calculated by discounting the future contractual cash flows of our existing debt using the current rates available to borrowers with similar credit ratings for the remaining terms of such debt. As of December 31, 2009 and 2008, the estimated fair value of our consolidated debt was less than its aggregate carrying amount by approximately \$120,129,000 and \$118,485,000, respectively. Our fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of our financial instruments.

Revenue Recognition – We have the following revenue sources and revenue recognition policies:

Base Rent (revenue arising from tenant leases) – These rents are recognized over the non-cancelable term of the related leases on a straight-line basis which includes the effects of rent steps and free rent abatements under the leases. We commence rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease.

Percentage Rent (revenue arising from retail tenant leases that is contingent upon the sales of tenants exceeding defined thresholds) – These rents are recognized only after the contingency has been removed (i.e., the sales threshold has been achieved).

Expense Reimbursements (revenue arising from tenant leases which provide for the recovery of all or a portion of the operating expenses and real estate taxes of the respective properties) – This revenue is accrued in the same periods as the expenses are incurred.

Parking Income (revenue arising from the rental of parking space at our properties) – This income is recognized as cash is received.

Income Taxes – We operate in a manner intended to enable us to continue to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”). As of December 31, 2009, there were approximately 389 holders of record of our common stock. In order to maintain our qualification as a REIT under the Internal Revenue Code, we must distribute at least 90% of our taxable income to shareholders. Because the balance of our net operating loss carryover (“NOL”) has exceeded taxable income in the past, there was no distribution requirement. In 2010, we expect our taxable income to exceed the \$16,939,000 remaining balance of our NOL. Accordingly, we expect to pay a dividend in 2010 at an amount sufficient to meet the REIT distribution requirement.

On September 9, 2008, our Board of Directors declared a special dividend of \$7.00 per share, or \$35,571,000 in the aggregate, which was paid on October 30, 2008, to stockholders of record on October 14, 2008. The dividend was attributable to the liquidation of the wholly owned 731 Lexington Avenue taxable REIT subsidiary into Alexander’s.

At December 31, 2009 we have reported NOL for federal tax purposes of approximately \$16,939,000, expiring in 2029. We also have investment and targeted jobs tax credits of approximately \$2,754,000 expiring from 2010 to 2014.

The following table reconciles net income to estimated REIT taxable income (loss) for the years ended December 31, 2009, 2008 and 2007.

(Unaudited and in thousands)	Years Ended December 31,		
	2009	2008	2007
Net income attributable to Alexander’s	\$ 132,190	\$ 76,288	\$ 114,341
Straight-line rent adjustments	(23,381)	(6,634)	(15,456)
Depreciation and amortization timing differences	1,385	16	(746)
Interest expense	(107)	—	—
Stock appreciation rights compensation expense	(57,113)	(83,973)	(94,739)
Reversal of liability for income taxes	(37,307)	(625)	—
Net income of the TRS	—	(3,165)	(4,090)
Other	(3,395)	(9,521)	1,094
Taxable income (loss)	12,272	(27,614)	404
NOL carry forward beginning balance	(29,211)	(1,597)	(2,001)
NOL carry forward ending balance	<u>\$ (16,939)</u>	<u>\$ (29,211)</u>	<u>\$ (1,597)</u>

At December 31, 2009, the net basis of our assets and liabilities for tax purposes are approximately \$181,086,000 lower than the amount reported for financial statement purposes.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prior to its liquidation on September 12, 2008, our wholly owned subsidiary, 731 Residential LLC, was treated as a taxable REIT subsidiary ("TRS"). The TRS was subject to income tax at regular corporate tax rates. Our NOL were not available to offset taxable income of the TRS. In the year ended December 31, 2008, the TRS paid \$1,742,000 for income taxes.

Under ASC 740, *Income Taxes*, deferred income taxes would be recognized for temporary differences between the financial reporting basis of assets and liabilities and their respective tax basis and for operating loss and tax credit carry-forwards based on enacted tax rates expected to be in effect when such amounts are realized or settled. However, deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors. As of December 31, 2009 and 2008, there were no deferred tax assets or liabilities on our consolidated balance sheets.

Income Per Share

Basic income per share is computed based on weighted average shares of common stock outstanding during the period. Diluted income per share is computed based on the weighted average shares of common stock outstanding during the period and assumes all potentially dilutive securities were converted into common stock at the earliest date possible.

Recently Issued Accounting Literature

On June 12, 2009, the FASB issued an update to ASC 810, *Consolidation*, which modifies the existing quantitative guidance used in determining the primary beneficiary of a variable interest entity ("VIE") by requiring entities to qualitatively assess whether an enterprise is a primary beneficiary, based on whether the entity has (i) power over the significant activities of the VIE, and (ii) an obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. The adoption of this guidance on January 1, 2010 did not have any effect on our consolidated financial statements.

In December 2007, the FASB issued an update to ASC 810, *Consolidation*, which requires a noncontrolling interest in a subsidiary to be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest to be identified in the consolidated financial statements. It also calls for consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. The amended guidance became effective on January 1, 2009 and resulted in (i) the reclassification of our minority interest in consolidated subsidiary to "noncontrolling interest in consolidated subsidiary," a component of permanent equity on our consolidated balance sheets, and (ii) the reclassification of minority interest expense to "net income attributable to the noncontrolling interest" on our consolidated statements of operations.

In December 2007, the FASB issued an update to ASC 805, *Business Combinations*, which applies to all transactions and other events in which one entity obtains control over one or more other businesses. It broadens the fair value measurement and recognition of assets acquired, liabilities assumed, and interests transferred as a result of business combinations; and acquisition related costs will generally be expensed rather than included as part of the basis of the acquisition. The amended guidance also expands required disclosures to improve the ability to evaluate the nature and financial effects of business combinations. The amended guidance became effective for all transactions entered into, on or after January 1, 2009. The adoption of this guidance on January 1, 2009, did not have any effect on our consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. RELATED PARTY TRANSACTIONS

Vornado

At December 31, 2009, Vornado owned 32.4% of our outstanding common stock. We are managed by, and our properties are leased and developed by, Vornado, pursuant to the agreements described below, which expire in March of each year and are automatically renewable. Steven Roth is the Chairman of our Board of Directors and our Chief Executive Officer, the Managing General Partner of Interstate Properties ("Interstate"), a New Jersey general partnership, and the Chairman of the Board of Trustees of Vornado. At December 31, 2009, Mr. Roth, Interstate and its other two general partners, David Mandelbaum and Russell B. Wight, Jr. (who are also directors of the Company and trustees of Vornado) owned, in the aggregate, 27.2% of our outstanding common stock, in addition to the 2.4% they indirectly own through Vornado. Michael D. Fascitelli, President and Chief Executive Officer of Vornado, is our President and a member of our Board of Directors. Joseph Macnow, our Executive Vice President and Chief Financial Officer, holds the same position with Vornado.

Management and Development Agreements

We pay Vornado an annual management fee equal to the sum of (i) \$3,000,000, (ii) 3% of gross income from the Kings Plaza Regional Shopping Center, (iii) \$0.50 per square foot of the tenant-occupied office and retail space at 731 Lexington Avenue and (iv) \$241,000, escalating at 3% per annum, for managing the common area of 731 Lexington Avenue.

In addition, Vornado is entitled to a development fee of 6% of development costs, as defined, with a minimum guaranteed fee of \$750,000 per annum. The development fee for the Rego Park II project (see note 5) is estimated to be approximately \$17,500,000, of which \$3,371,000 has been paid as of December 31, 2009. The remainder is due on substantial completion of the construction, as defined.

Leasing Agreements

Vornado also provides us with leasing services for a fee of 3% of rent for the first ten years of a lease term, 2% of rent for the eleventh through the twentieth year of a lease term, and 1% of rent for the twenty-first through thirtieth year of a lease term, subject to the payment of rents by tenants. In the event third-party real estate brokers are used, the fees to Vornado increase by 1% and Vornado is responsible for the fees to the third-party real estate brokers. Vornado is also entitled to a commission upon the sale of any of our assets equal to 3% of gross proceeds, as defined, for asset sales less than \$50,000,000 and 1% of gross proceeds, as defined, for asset sales of \$50,000,000 or more. The total of these amounts is payable in annual installments in an amount not to exceed \$4,000,000, with interest on the unpaid balance at LIBOR plus 1.0% (3.02% at December 31, 2009).

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. RELATED PARTY TRANSACTIONS – continued

Other Agreements

We have agreements with Building Maintenance Services, a wholly owned subsidiary of Vornado, to supervise cleaning, engineering and security services at our Lexington Avenue and Kings Plaza properties for an annual fee of the cost for such services plus 6%.

At December 31, 2009, we owed Vornado \$41,857,000 for leasing fees, \$13,961,000 for development fees and \$848,000 for management, property management and cleaning fees. The following table shows the amounts incurred under the agreements discussed above.

(Amounts in thousands)

	Year Ended December 31,		
	2009	2008	2007
Company management fees	\$ 3,000	\$ 3,000	\$ 3,000
Development fees	3,215	6,520	6,476
Leasing fees	15,681	2,946	4,411
Property management fees and payments for cleaning, engineering and security services	4,108	4,146	4,530
	<u>\$ 26,004</u>	<u>\$ 16,612</u>	<u>\$ 18,417</u>

Special Dividend

On September 9, 2008, our Board of Directors declared a special dividend of \$7.00 per share, or \$35,571,000 in the aggregate, which was paid on October 30, 2008, to stockholders of record on October 14, 2008. The dividend was attributable to the liquidation of the wholly owned 731 Lexington Avenue taxable REIT subsidiary into Alexander's. Accordingly, we paid Vornado \$11,578,000 for their share of this dividend.

Other

In the years ended December 31, 2009, 2008 and 2007, Winston & Strawn LLP, a law firm in which Neil Underberg, a member of our Board of Directors, is of counsel, performed legal services for us for which it was paid \$94,000, \$46,000, and \$219,000, respectively.

4. 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. Financial assets measured at fair value in our consolidated financial statements consist solely of short-term investments (CDARS classified as available-for-sale) Financial assets measured at fair value as of December 31, 2009 are presented in the table below based on their level in the fair value hierarchy.

(Amounts in thousands)	As of December 31, 2009			
	Total	Level 1	Level 2	Level 3
Short-term investments	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ —</u>	<u>\$ —</u>

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. REGO PARK II PROJECT

The Rego Park II property, a newly developed 600,000 square foot shopping center, is located adjacent to our Rego Park I property in Queens, New York. As of December 31, 2009, 67% of the shopping center is in service and is leased to three anchor tenants: a 137,000 square foot Costco, a 134,000 square foot Century 21 and a 132,000 square foot Kohl's. The shopping center contains a parking deck (1,400 spaces) that provides paid parking.

As of December 31, 2009, \$367,000,000 was expended under the total construction budget of \$410,000,000. \$266,411,000 was drawn on the construction loan, which has an interest rate of LIBOR plus 1.20% (1.48% at December 31, 2009) and matures in December 2010 with a one-year extension option.

6. DEBT

The following is a summary of our outstanding debt.

(Amounts in thousands)	Maturity	Interest Rate at December 31, 2009	Balance at December 31	
			2009	2008
\$350,000 construction loan, secured by the Rego Park II Shopping Center ⁽¹⁾	Dec. 2010	1.48%	\$ 266,411	\$ 181,695
First mortgage, secured by the Kings Plaza Regional Shopping Center	Jun. 2011	7.46%	183,318 ⁽²⁾	199,537
First mortgage, secured by the Paramus property	Oct. 2011	5.92%	68,000	68,000
First mortgage, secured by the Rego Park I Shopping Center	Mar. 2012	0.75%	78,246 ⁽³⁾	78,386
First mortgage, secured by the office space at the Lexington Avenue property	Feb. 2014	5.33%	362,989	373,637
First mortgage, secured by the retail space at the Lexington Avenue property ⁽⁴⁾	Jul. 2015	4.93%	320,000	320,000
			<u>\$ 1,278,964</u>	<u>\$ 1,221,255</u>

(1) This loan bears interest at LIBOR plus 1.20% and has a one-year extension option.

(2) On October 20, 2009, we acquired \$11,948 of this CMBS debt in the open market for \$12,467 in cash, resulting in a \$519 net loss on early extinguishment of debt which is included as a component of interest expense on our consolidated statement of income.

(3) On March 10, 2009, we repaid the \$78,246 outstanding balance of the Rego Park I mortgage loan which was scheduled to mature in June 2009 and simultaneously completed a refinancing in the same amount. The new loan bears interest at 75 basis points, is secured by the property and is 100% cash collateralized. The proceeds of the new loan were placed in a non-interest bearing restricted mortgage escrow account. The loan is prepayable at any time without penalty.

(4) In the event of a substantial casualty, as defined, up to \$75,000 of this loan may become recourse to us.

As of December 31, 2009, the principal repayments for the next five years and thereafter are as follows:

(Amounts in thousands)

Year Ending December 31,	Amount
2010	\$ 282,210
2011	258,618
2012	90,711
2013	13,208
2014	314,217
Thereafter	320,000

All of our debt is secured by mortgages and/or pledges of the stock of the subsidiaries holding the properties. The net carrying value of real estate collateralizing the debt amounted to \$890,289,000 at December 31, 2009. Our existing financing documents contain covenants that limit our ability to incur additional indebtedness on these properties, provide for lender approval of tenants' leases in certain circumstances, and provide for yield maintenance to prepay them.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. LIABILITY FOR INCOME TAXES

At December 31, 2009 and 2008, we had \$7,450,000 and \$47,868,000, respectively, of unrecognized tax benefits included as a component of "liability for income taxes and other" on our consolidated balance sheets, that if recognized, would result in non-cash income and reduce our effective tax rate. These amounts include \$6,529,000 and \$9,888,000, of accrued interest, as of December 31, 2009 and 2008, respectively. A reconciliation of the unrecognized tax benefits is summarized in the table below.

(Amounts in thousands)	<u>Amount</u>
Balance at January 1, 2008	\$ 46,119
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	2,549
Reduction for tax positions of prior years	(800)
Settlements	—
Balance at December 31, 2008	<u>47,868</u>
Additions based on tax positions related to the current year	247
Additions for tax positions of prior years	1,807
Reduction for tax positions of prior years	(42,472)
Settlements	—
Balance at December 31, 2009	<u>\$ 7,450</u>

We recognize interest related to the unrecognized tax benefits in "interest and debt expense" on our consolidated statement of operations. During the years ended December 31, 2009 and 2008, we recognized \$1,807,000 and \$2,549,000, respectively, of interest related to the unrecognized tax benefits.

During 2009 and 2008 we reversed portions of our liability for income taxes as a result of either the expiration of the applicable statute of limitations or the tax positions being examined by the IRS. Accordingly, we recognized income aggregating \$42,472,000 and \$800,000 during the years ended December 31, 2009 and 2008, respectively, of which \$37,307,000 and \$625,000, respectively, were included as a component of "income tax benefit (expense)" (portion previously recognized as income tax expense) and \$5,165,000 and \$175,000, respectively, were included as a reduction of "interest and debt expense" (portion previously recognized as interest expense) on our consolidated statement of operations. We anticipate a \$4,889,000 reduction in the liability for unrecognized tax benefits in the third quarter of 2010, as a result of the expiration of the applicable statute of limitations.

As of December 31, 2009, Taxable REIT Subsidiary ("TRS") tax returns for the years 2003 through 2008 and REIT tax returns for the years 2006 through 2008 remain open to examination by the major taxing jurisdictions to which we are subject.

8. NONCONTROLLING INTEREST IN CONSOLIDATED SUBSIDIARY

Prior to 2005, we owned and operated an energy plant that generated all of the electrical power at our Kings Plaza Regional Shopping Center. In April 2005, we contributed this 35 year old plant and \$750,000 in cash, for a 25% interest in a joint venture. In addition, we provided the joint venture with a \$15,350,000 loan (eliminated in consolidation). The joint venture rebuilt the plant at a total cost of approximately \$18,350,000 and began operations in March 2007. Pursuant to ASC Topic 805, *Business Combinations*, we control the joint venture and accordingly, consolidate its accounts into our consolidated financial statements.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. LEASES

As Lessor

We lease space to tenants in retail centers and an office building. The rental terms range from approximately 5 to 25 years. The leases provide for the payment of fixed base rents payable monthly in advance as well as reimbursements of real estate taxes, insurance and maintenance costs. Retail leases also provide for the payment by the lessee of additional rents based on a percentage of their sales.

Future base rental revenue under these non-cancelable operating leases is as follows:

(Amounts in thousands)

Year Ending December 31,	Amount
2010	\$ 140,618
2011	141,996
2012	140,925
2013	138,722
2014	135,979
Thereafter	1,556,231

These future minimum amounts do not include additional rents based on a percentage of tenants' sales. For the years ended December 31, 2009, 2008, and 2007, these rents were \$633,000, \$784,000, and \$722,000, respectively.

Bloomberg L.P. accounted for 35%, 31%, and 32% of our consolidated revenues for the years ended December 31, 2009, 2008, and 2007, respectively. No other tenant accounted for more than 10% of revenues in any of the last three years.

As Lessee

We are a tenant under long-term leases that range from approximately 12 to 21 years. Future minimum lease payments under these operating leases are as follows:

(Amounts in thousands)

Year Ending December 31,	Amount
2010	\$ 802
2011	802
2012	803
2013	802
2014	803
Thereafter	9,809

Rent expense is primarily for our Flushing ground lease and was \$848,000, \$841,000, and \$908,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

10. COMMITMENTS AND CONTINGENCIES

Insurance

We maintain general liability with limits of \$300,000,000 per occurrence and in the aggregate and all-risk property and rental value insurance coverage with limits of \$1.7 billion per occurrence, including coverage for terrorist acts, with sub-limits for certain perils such as floods and earthquakes on each of our properties. There can be no assurance that we will be able to maintain similar levels of insurance coverage in the future in amounts and on terms that are commercially reasonable. We are responsible for deductibles and losses in excess of our insurance coverage, which could be material.

Our mortgage loans are non-recourse to us, except for \$75,000,000 of the \$320,000,000 mortgage on our 731 Lexington Avenue property, in the event of a substantial casualty, as defined. Our mortgage loans contain customary covenants requiring us to maintain insurance. If lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance and/or refinance our properties.

Environmental Remediation

In July 2006, we discovered an oil spill at our Kings Plaza Regional Shopping Center. We have notified the New York State Department of Environmental Conservation ("NYSDEC") about the spill and have developed a remediation plan. The NYSDEC has approved a portion of the remediation plan and clean up is ongoing. The estimated costs associated with the clean up will aggregate approximately \$2,500,000. We have paid \$500,000 of such amount and the remainder is covered under our insurance policy.

Flushing Property

In the fourth quarter of 2003, we recognized \$1,289,000 of income representing a non-refundable purchase deposit of \$1,875,000, net of \$586,000 of costs associated with the transaction, from a party that agreed to purchase this property, as such party had not met its obligations under a May 30, 2002 purchase contract. On September 10, 2002, November 7, 2002, and July 8, 2004, we received letters from the party demanding return of the deposit. On December 28, 2005, the party filed a complaint against us in the Supreme Court of the State of New York alleging that we failed to honor the terms and conditions of the agreement. The complaint seeks specific performance and, if specific performance is denied, it seeks the return of the deposit plus interest and \$50,000 in costs. In our opinion, after consultation with legal counsel, we do not believe the party is entitled to either specific performance or a return of the deposit and we are defending against the action. Accordingly, we have not recorded a loss contingency for this matter.

Paramus

In 2001 we leased 30.3 acres of land located in Paramus, New Jersey to IKEA Property, Inc. The lease has a 40-year term with a purchase option in 2021 for \$75,000,000. We have a \$68,000,000 interest only, non-recourse mortgage loan on the property from a third party lender. The fixed interest rate on the debt is 5.92% with interest payable monthly until maturity in October 2011. The annual triple-net rent is the sum of \$700,000 plus the amount of debt service on the mortgage loan. If the purchase option is exercised, we will receive net cash proceeds of approximately \$7,000,000 and recognize a gain on sale of land of approximately \$62,000,000. If the purchase option is not exercised, the triple-net rent for the last 20 years must include the debt service sufficient to fully amortize \$68,000,000 over the remaining 20-year lease term.

Letters of Credit

Approximately \$7,998,000 of standby letters of credit were issued and outstanding as of December 31, 2009.

Other

There are various other legal actions against us in the ordinary course of business. In our opinion, the outcome of such matters will not have a material effect on our financial condition, results of operations or cash flows.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. STOCK-BASED COMPENSATION

Our Omnibus Stock Plan (the "Plan"), which was approved by our stockholders on May 18, 2006, provides for grants of incentive and non-qualified stock options, restricted stock, SARs and performance shares, as defined, to the directors, officers and employees of the Company and Vornado, and any other person or entity as designated by the Omnibus Stock Plan Committee of our Board of Directors (the "Committee"). At December 31, 2009, there were 895,000 shares available for future grant under the Plan.

We account for all stock-based compensation in accordance with ASC 718, *Compensation-Stock Compensation*.

Stock Options

Stock options granted had exercise prices equal to 100% of the market price of our common stock on the date of grant and vested on a graduated basis 36 months after grant.

There have been no stock option grants since 1999; accordingly, no compensation expense was recognized during the years ended December 31, 2009, 2008 and 2007. There were 14,346, 47,640 and 8,000 options exercised during the years ended December 31, 2009, 2008, and 2007, respectively. Cash received from option exercises in each of the years ended December 31, 2009, 2008 and 2007 was \$934,000, \$3,276,000 and \$563,000, respectively. Below is a summary of our stock option activity under the Plan for the year ended December 31, 2009:

	<u>Options</u>	<u>Weighted-Average Exercise Price</u>
Outstanding at January 1, 2009	14,346	\$ 65.07
Granted	—	—
Exercised	(14,346)	65.07
Cancelled	—	—
Outstanding at December 31, 2009	<u>—</u>	

Stock Appreciation Rights ("SARs")

On September 15 and October 14, 2008, Steven Roth, the Chairman of our Board of Directors and Chief Executive Officer, exercised an aggregate of 200,000 SARs which were scheduled to expire on March 4, 2009 and received gross proceeds of \$62,809,000. On March 2, 2009, Mr. Roth and Mr. Fascitelli each exercised 150,000 SARs, which were scheduled to expire on March 4, 2009 and each received gross proceeds of \$11,419,000. These SARs were granted at 100% of the market price of our company's stock on the date of grant. As of December 31, 2009, there are no SARs outstanding.

ALEXANDER'S, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share, including a reconciliation of net income and the number of shares used in computing basic and diluted earnings per share. Basic earnings per share are determined using the weighted average shares of common stock outstanding during the period. Diluted earnings per share is determined using the weighted average shares of common stock outstanding during the period and assumes all potentially dilutive securities were converted into common shares at the earliest date possible.

(Amounts in thousands, except share and per share amounts)	For the Year Ended December 31,		
	2009	2008	2007
Net income attributable to common shareholders – basic and diluted	\$ <u>132,190</u>	\$ <u>76,288</u>	\$ <u>114,341</u>
Weighted average shares outstanding – basic	5,103,790	5,067,426	5,041,572
Dilutive effect of stock options	1,580	31,103	52,916
Weighted average shares outstanding – diluted	<u>5,105,370</u>	<u>5,098,529</u>	<u>5,094,488</u>
Net income per common share – basic	\$ <u>25.90</u>	\$ <u>15.05</u>	\$ <u>22.68</u>
Net income per common share – diluted	\$ <u>25.89</u>	\$ <u>14.96</u>	\$ <u>22.44</u>

13. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(Amounts in thousands, except per share amounts)	Revenues	Net Income (Loss) Applicable to Common Shares	Income (Loss) Per Common Share⁽¹⁾	
			Basic	Diluted
2009				
December 31	\$ 57,154	\$ 15,102	\$ 2.96	\$ 2.96
September 30	58,410	58,029	11.37	11.37
June 30	54,875	13,005	2.55	2.55
March 31	53,090	46,054	9.04	9.03
2008				
December 31	\$ 54,900	\$ 54,125	\$ 10.63	\$ 10.60
September 30	52,953	(31,443)	(6.20)	(6.20)
June 30	51,478	38,454	7.59	7.54
March 31	51,766	15,152	3.00	2.98

(1) The total for the year may differ from the sum of the quarters as a result of weighting.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures – Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Alexander's, Inc., together with its consolidated subsidiaries (the "Company"), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2009, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2009 is effective.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on page 59 of this Annual Report on Form 10-K, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2009.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Alexander's, Inc.
Paramus, New Jersey

We have audited the internal control over financial reporting of Alexander's, Inc. and subsidiaries (the "Company") as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2009 of the Company and our report dated February 22, 2010 expressed an unqualified opinion on those financial statements and financial statement schedules.

/s/ DELOITTE & TOUCHE LLP

Parsippany, New Jersey
February 22, 2010

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information relating to our directors will be contained in a definitive Proxy Statement involving the election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. We will file the Proxy Statement with the Securities and Exchange Commission no later than 120 days after December 31, 2009. Such information is incorporated by reference herein. For information concerning our executive officers, see "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K. Also incorporated herein by reference is the information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" of the Proxy Statement.

We have a code of business conduct and ethics that applies to our Chief Executive Officer and Executive Vice President and Chief Financial Officer, among others. The code is posted on our website at www.Alx-Inc.com. We intend to satisfy our disclosure obligation regarding amendments and waivers of this code applicable to our Chief Executive Office and Executive Vice President and Chief Financial Officer by posting such information on our website.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation will be contained in the Proxy Statement referred to in "Item 10. Directors, Executive Officers and Corporate Governance" of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to security ownership of certain beneficial owners and management and related stockholder matters, except as set forth below, will be contained in the Proxy Statement referred to in "Item 10. Directors, Executive Officers and Corporate Governance" of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

Equity Compensation Plan Information

The following table provides information as of December 31, 2009, regarding our equity compensation.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	N/A	\$ N/A	895,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	N/A	\$ N/A	895,000

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information relating to certain relationships and related transactions and director independence will be contained in the Proxy Statement referred to in “Item 10. Directors, Executive Officers and Corporate Governance” of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to principal accounting fees and services will be contained in the Proxy Statement referred to in “Item 10. Directors, Executive Officers and Corporate Governance” of this Annual Report on Form 10-K. Such information is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K.

1. The consolidated financial statements are set forth in Item 8 of this Annual Report on Form 10-K.
2. The following financial statement schedules should be read in conjunction with the financial statements included in Item 8 of this Annual Report on Form 10-K.

	Pages in this Annual Report on Form 10-K
Schedule II – Valuation and Qualifying Accounts – years ended December 31, 2009, 2008 and 2007	64
Schedule III – Real Estate and Accumulated Depreciation as of December 31, 2009	65

All other financial statement schedules are omitted because they are not applicable, not required, or the information is included elsewhere in the consolidated financial statements or the notes thereto.

3. The following exhibits listed on the Exhibit Index are filed with this Annual Report on Form 10-K.

<u>Exhibit No.</u>	
21	Subsidiaries of Registrant
23	Consent of Independent Registered Public Accounting Firm
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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ALEXANDER'S, INC.

(Registrant)

Date: February 22, 2010

By: /s/ Joseph Macnow
Joseph Macnow, Executive Vice President
and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
By: <u>/s/Steven Roth</u> (Steven Roth)	Chairman of the Board of Directors (Principal Executive Officer)	February 22, 2010
By: <u>/s/Michael D. Fascitelli</u> (Michael D. Fascitelli)	President and Director	February 22, 2010
By: <u>/s/Joseph Macnow</u> (Joseph Macnow)	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 22, 2010
By: <u>/s/Thomas R. DiBenedetto</u> (Thomas R. DiBenedetto)	Director	February 22, 2010
By: <u>/s/David Mandelbaum</u> (David Mandelbaum)	Director	February 22, 2010
By: <u>/s/Arthur Sonnenblick</u> (Arthur Sonnenblick)	Director	February 22, 2010
By: <u>/s/Neil Underberg</u> (Neil Underberg)	Director	February 22, 2010
By: <u>/s/Richard R. West</u> (Richard R. West)	Director	February 22, 2010
By: <u>/s/Russell B. Wight Jr.</u> (Russell B. Wight Jr)	Director	February 22, 2010

ALEXANDER'S, INC. AND SUBSIDIARIES

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
 (Amounts in thousands)

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>	<u>Column E</u>
<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Additions: Charged Against Operations</u>	<u>Deductions: Uncollectible Accounts Written Off</u>	<u>Balance at End of Year</u>
<i>Allowance for doubtful accounts:</i>				
Year Ended December 31, 2009	\$ <u>1,357</u>	\$ <u>540</u>	\$ <u>161</u>	\$ <u>1,736</u>
Year Ended December 31, 2008	\$ <u>667</u>	\$ <u>910</u>	\$ <u>220</u>	\$ <u>1,357</u>
Year Ended December 31, 2007	\$ <u>481</u>	\$ <u>247</u>	\$ <u>61</u>	\$ <u>667</u>

ALEXANDER'S, INC. AND SUBSIDIARIES
SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2009

(Amounts in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E			COLUMN F	COLUMN G	COLUMN H	COLUMN I	
Description	Encumbrances	Initial Cost to Company (1)		Costs Capitalized Subsequent to Acquisition (2)	Gross Amount at Which Carried at Close of Period			Accumulated Depreciation and Amortization	Date of Construction	Date Acquired (1)	Life on Which Depreciation in Latest Income Statement is Computed	
		Land	Building, Leaseholds and Leasehold Improvements		Land	Building, Leaseholds and Leasehold Improvements	Construction In Progress					Total (2)
Commercial Property:												
New York, NY												
Rego Park I	\$ 78,246	\$ 1,647	\$ 8,953	\$ 47,581	\$ 1,647	\$ 56,534	\$ —	\$ 58,181	\$ 19,851	1959	1992	5-39 years
Rego Park II	266,411	3,127	1,467	350,655	3,127	235,497	116,625	355,249	3,925	2009	1992	40 years
Rego Park III	—	779	—	555	779	—	555	1,334	—	N/A	1992	26 years
Flushing	—	—	1,660	(107)	—	1,553	—	1,553	495	1975 (3)	1992	26 years
Lexington Avenue Kings Plaza Regional Shopping Center	682,989	14,432	12,355	424,808	27,498	424,097	—	451,595	66,975	2003	1992	5-39 years
	183,318	497	9,542	135,362	30,002	115,080	319	145,401	41,140	1970	1992	7-50 years
Paramus, NJ	68,000	1,441	—	10,313	11,754	—	—	11,754	—	N/A	1992	N/A
Other Properties	—	167	1,804	(1,804)(4)	167	—	—	167	—	N/A	1992	N/A
TOTAL	<u>\$ 1,278,964</u>	<u>\$ 22,090</u>	<u>\$ 35,781</u>	<u>\$ 967,363</u>	<u>\$ 74,974</u>	<u>\$ 832,761</u>	<u>\$ 117,499</u>	<u>\$ 1,025,234</u>	<u>\$ 132,386</u>			

(1) Initial cost is as of May 15, 1992 (the date on which the Company commenced its real estate operations).

(2) The net basis of the Company's assets and liabilities for tax purposes is approximately \$181,086,000 lower than the amount reported for financial statement purposes.

(3) This date represents the lease acquisition date.

(4) Cost of fully depreciated assets.

ALEXANDER'S, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
(Amounts in thousands)

	December 31,		
	2009	2008	2007
REAL ESTATE:			
Balance at beginning of period	\$ 967,975	\$ 835,081	\$ 692,388
Additions (deletions) during the period:			
Land	—	5,519	—
Buildings, leaseholds and leasehold improvements	238,119	5,043	15,958
Construction in progress	(177,389)	123,079	128,470
	1,028,705	968,722	836,816
Less: Fully depreciated assets	3,471	747	1,735
Balance at end of period	\$ 1,025,234	\$ 967,975	\$ 835,081
ACCUMULATED DEPRECIATION:			
Balance at beginning of period	\$ 114,235	\$ 96,183	\$ 80,779
Additions charged to operating expenses	21,622	18,799	17,139
	135,857	114,982	97,918
Less: Fully depreciated assets	3,471	747	1,735
Balance at end of period	\$ 132,386	\$ 114,235	\$ 96,183

EXHIBIT INDEX

Exhibit No.

- | | | | |
|------|----|--|---|
| 3.1 | - | Amended and Restated Certificate of Incorporation. Incorporated herein by reference from Exhibit 3.1 to the registrant's Registration Statement on Form S-3 filed on September 20, 1995 | * |
| 3.2 | - | By-laws, as amended. Incorporated herein by reference from Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000 | * |
| 10.1 | - | Real Estate Retention Agreement dated as of July 20, 1992, between Vornado Realty Trust and Keen Realty Consultants, Inc., each as special real estate consultants, and the Company. Incorporated herein by reference from Exhibit 10(i)(O) to the registrant's Annual Report on Form 10-K for the fiscal year ended July 25, 1992 | * |
| 10.2 | - | Extension Agreement to the Real Estate Retention Agreement, dated as of February 6, 1995, between the Company and Vornado Realty Trust. Incorporated herein by reference from Exhibit 10(i)(G)(2) to the registrant's Annual Report Form 10-K for the year ended December 31, 1994 | * |
| 10.3 | ** | Registrant's Omnibus Stock Plan, as amended, dated May 28, 1997. Incorporated herein by reference from Exhibit 10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, filed on August 13, 1997 | * |
| 10.4 | - | Agreement of Lease dated as of April 30, 2001 between Seven Thirty One Limited Partnership, landlord, and Bloomberg L.P., tenant. Incorporated herein by reference from Exhibit 10(v) B to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, filed on August 2, 2001 | * |
| 10.5 | - | Amended and Restated Consolidated Mortgage and Security Agreement dated as of May 31, 2001 among Alexander's Kings Plaza LLC as mortgagor, Alexander's of King LLC as mortgagor and Kings Parking LLC as mortgagor, collectively borrower, to Morgan Guaranty Trust Company of New York, as mortgagee. Incorporated herein by reference from Exhibit 10(v) A1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, filed on August 2, 2001 | * |
| 10.6 | - | Amended, Restated and Consolidated Promissory Note, dated as of May 31, 2001 by and between Alexander's Kings Plaza LLC, Alexander's of Kings LLC, and Kings Parking LLC collectively borrower, and Morgan Guaranty Trust Company of New York, lender. Incorporated herein by reference from Exhibit 10(v) A2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, filed on August 2, 2001 | * |
| 10.7 | - | Cash Management Agreement dated as of May 31, 2001 by and between Alexander's Kings Plaza LLC, Alexander's of Kings LLC, and Kings Parking LLC collectively borrower, and Morgan Guaranty Trust Company of New York, lender. Incorporated herein by reference from Exhibit 10(v) A3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, filed on August 2, 2001 | * |

*

Incorporated by reference.

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Management contract or compensatory agreement.

10.28		- Promissory Note A-1 dated as of February 13, 2004 and 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.27 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.29		- Promissory Note A-2 dated as of February 13, 2004 and 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.28 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.30		- Promissory Note A-3 dated as of February 13, 2004 and 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.29 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.31		- Promissory Note A-4 dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.30 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.32		- Promissory Note A-X dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.31 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.33		- Promissory Note B dated as of February 13, 2004, and 731 Office One LLC in favor of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.32 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.34		- Guaranty of Recourse Obligations dated as of February 13, 2004, by Alexander's, Inc. to and for the benefit of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.33 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.35		- Environmental Indemnity dated as of February 13, 2004, by Alexander's, Inc. and 731 Office One LLC for the benefit of German American Capital Corporation. Incorporated herein by reference from Exhibit 10.34 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 2, 2004	*
10.36		- Loan Agreement dated as of July 6, 2005, between 731 Retail One LLC, as Borrower and Archon Financial, as Lender. Incorporated herein by reference from Exhibit 10.1 to the registrant's Current Report on Form 8-K, filed on July 12, 2005	*
10.37	**	- Form of Stock Option Agreement between the Company and certain employees. Incorporated herein by reference from Exhibit 10.61 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed on October 27, 2005	*
10.38	**	- Form of Restricted Stock Option Agreement between the Company and certain employees. Incorporated herein by reference from Exhibit 10.62 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed on October 27, 2005	*
	*	<u>Incorporated by reference.</u>	
	**	Management contract or compensatory agreement.	

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|-------|----|--|---|
| 10.39 | ** | - Registrant's 2006 Omnibus Stock Plan dated April 4, 2006. Incorporated herein by reference from Annex B to Schedule 14A, filed by the registrant on April 28, 2006 | * |
| 10.40 | | - Second Amendment to Real Estate Retention Agreement, dated as of January 1, 2007, by and between Alexander's, Inc. and Vornado Realty L.P. Incorporated herein by reference from Exhibit 10.64 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006, filed on February 26, 2007 | * |
| 10.41 | | - Amendment to 59 th Street Real Estate Retention agreement, dated as of 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 herein by reference from Exhibit 10.65 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006, filed on February 26, 2007 | * |
| 10.42 | | - Building Loan Agreement, dated as of December 21, 2007, among Alexander's of Rego Park II, Inc., as Borrower, PB Capital Corporation, as Lender, Norddeutsche Landesbank Girozentrale, New York Branch, as Lender, Wells Fargo Bank, National Association, as Lender, Landesbank Baden-Wuerttemberg, New York Branch, as Lender, Bank of Ireland, Connecticut Branch, as Lender, PB Capital Corporation, as Administrative Agent, PB Capital Corporation and Norddeutsche Landesbank Girozentrale, New York Branch, as Co-Arrangers. Incorporated herein by reference from Exhibit 10.1 to the registrant's Current Report on Form 8-K, filed on December 28, 2007 | * |
| 10.43 | | - Project Loan Agreement, dated as of December 21, 2007, among Alexander's of Rego Park II, Inc., as Borrower, PB Capital Corporation, as Lender, Norddeutsche Landesbank Girozentrale, New York Branch, as Lender, Wells Fargo Bank, National Association, as Lender, Landesbank Baden-Wuerttemberg, New York Branch, as Lender, Bank of Ireland, Connecticut Branch, as Lender, PB Capital Corporation, as Administrative Agent, PB Capital Corporation and Norddeutsche Landesbank Girozentrale, New York Branch, as Co-Arrangers. Incorporated herein by reference from Exhibit 10.2 to the registrant's Current Report on Form 8-K, filed on December 28, 2007 | * |
| 10.44 | | - Series I Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of December 21, 2007, from Alexander's of Rego Park II, Inc., as Mortgagor, to PB Capital Corporation, as Administrative Agent for the Lenders. Incorporated herein by reference from Exhibit 10.3 to the registrant's Current Report on Form 8-K, filed on December 28, 2007 | * |
| 10.45 | | - Series II Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of December 21, 2007, from Alexander's of Rego Park II, Inc., as Mortgagor, to PB Capital Corporation, as Administrative Agent for the Lenders. Incorporated herein by reference from Exhibit 10.4 to the registrant's Current Report on Form 8-K, filed on December 28, 2007 | * |
| 10.46 | | - Series I Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of December 21, 2007, from Alexander's of Rego Park II, Inc., as Mortgagor, to PB Capital Corporation, as Administrative Agent for the Lenders. Incorporated herein by reference from Exhibit 10.5 to the registrants Current Report on Form 8-K, filed on December 31, 2007 | * |
| 10.47 | | - Series II Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of December 21, 2007, from Alexander's of Rego Park II, Inc., as Mortgagor, to PB Capital Corporation, as Administrative Agent for the Lenders. Incorporated herein by reference from Exhibit 10.6 to the registrant's Current Report on Form 8-K, filed on December 28, 2007 | * |

*

Incorporated by reference.

**

Management contract or compensatory agreement.

