ForestCity

Summary Annual Report and Supplemental Package

2009

About the Company

Forest City Enterprises, Inc. is an $11.9 billion real estate company principally engaged in the ownership, development, management and acquisition of commercial and residential real estate and land throughout the United States. We have regional offices in Albuquerque, Boston, Chicago, Denver, London (England), Los Angeles, New York City, San Francisco, Washington, D.C., with our corporate headquarters in Cleveland. The Company's shares of Class A and Class B common stock are listed on the New York Stock Exchange – FCEA and FCEB.

FCEA Listed NYSE THE NEW YORK STOCK EXCHANGE

FCEB Listed NYSE THE NEW YORK STOCK EXCHANGE

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This Summary Annual Report and Supplemental Package is only a summary of fiscal year 2009 and should be read in conjunction with our Annual Report on Form 10-K as filed with the Securities and Exchange Commission. A copy of the Form 10-K may be obtained upon written request to the Company. Statements made in this Summary Annual Report that state management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. Please see the discussion of Risk Factors in Item 1A of our Form 10-K for a discussion of some of the factors that could cause our actual results to differ materially from those forward-looking statements.

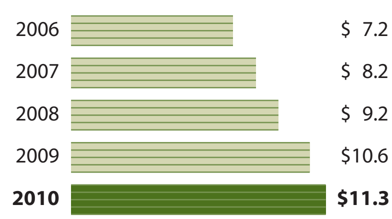
Financial Highlights

Forest City Enterprises, Inc. and Subsidiaries

	January 31, 2010	January 31, 2009 (as adjusted)
	(in thousands, except share and per share data)	
Operating Results:		
Revenues	**$ 1,257,222**	$ 1,280,570
Earnings before depreciation, amortization, and deferred taxes (EBDT)(1)	**301,106**	218,937
Net loss attributable to Forest City Enterprises, Inc.	**(30,651)**	(113,247)
Per Share:		
EBDT(2)(3)	**$ 2.00**	$ 2.05
Net loss attributable to Forest City Enterprises, Inc.	**$ (0.22)**	$ (1.10)
Basic weighted average common shares outstanding(2)(3)	**139,825,349**	102,755,315
Diluted weighted average common shares outstanding(2)(3)	**151,890,543**	106,968,999
Share Price:		
Class A	**$ 11.31**	$ 6.76
Class B	**11.27**	6.92
Financial Position:		
Consolidated assets	**$ 11,916,711**	$ 11,380,507
Real estate, at cost	**11,340,779**	10,648,573
Nonrecourse mortgages	**7,474,270**	7,078,390
Other long-term debt, including senior and subordinated debt	**1,159,940**	1,211,564
Consolidated shareholders' equity	**1,148,626**	838,271

EBDT(1)
Years ended January 31, (in millions)

Real Estate, at Cost
January 31, (in billions)



(1) Refer to the explanation of EBDT and Reconciliation of Net Earnings to EBDT beginning on page 21 of the Supplemental Package enclosed in this report.

(2) For the year ended January 31, 2010, the effect of 12,065,194 shares of dilutive securities was not included in the computation of diluted earnings per share because their effect is anti-dilutive to the loss from continuing operations. Additionally, an adjustment is required for interest of $3,501 related to the 3.625% Puttable Senior Notes and the 5% Convertible Senior Notes. Therefore EBDT for purposes of calculating per share data is $304,157. (Since these shares are dilutive for the computation of EBDT per share for the year ended January 31, 2010, diluted weighted average shares outstanding of 151,890,543 were used to arrive at $2.00/share.)

(3) For the year ended January 31, 2009, the effect of 4,213,684 shares of dilutive securities was not included in the computation of diluted earnings per share because their effect is anti-dilutive to the loss from continuing operations. (Since these shares are dilutive for the computation of EBDT per share for the year ended January 31, 2009, diluted weighted average shares outstanding of 106,968,999 were used to arrive at $2.05/share.)

(See page 16 for all footnotes.)

Dear Fellow Shareholders

One year ago in our letter to shareholders, we wrote to you about caution and confidence: caution in our near-term outlook and confidence in the longer-term fundamentals of our Company and our industry. Both the caution and the confidence were validated in 2009, which was a successful – and even remarkable – year for Forest City Enterprises.

We overcame significant challenges to achieve record EBDT (Earnings Before Depreciation, Amortization and Deferred Taxes), improve our balance sheet, reduce expenses, complete successful new projects, and achieve major project milestones. Among the highlights was a series of well-received capital markets transactions that significantly improved our liquidity and extended recourse debt maturities. We closed a new $500 million revolving credit facility with our 15-member bank group, and we successfully addressed approximately $1.7 billion[6] (at our pro-rata share) of property-level, non-recourse debt. We completed two asset sales in fiscal 2009, and, in early 2010, we announced two joint ventures – all at attractive cap rates – to take advantage of value in our portfolio and further bolster liquidity.

In any year, that would be a large agenda with major strategic and financial implications. In these times, when the conditions impacting real estate and the broader economy have been so challenging, our 2009 results represented significant breakthroughs and critical shareholder value drivers for the long term.

These accomplishments are the result of the hard work of a great many people in our organization and the continuing support of lenders, investors, business partners, communities and other stakeholders with whom we've built strong, long-term relationships. Our progress in 2009 is also the result of continued adherence to the five strategies that have driven virtually every major action we have taken over the past 18 months: generating liquidity from the capital markets and our portfolio; driving costs out of the business; proactively managing debt maturities; focusing on our portfolio and curtailing development; and selectively taking advantage of opportunities created by market dislocations.

At their core, all of these strategies are designed to improve Forest City's balance sheet, enhance and protect liquidity, and position the Company to take advantage of opportunities for future growth. Given our achievements during the year, 2009 provided significant validation of these strategies.

One consequence of managing through the challenges of 2009 and early 2010 was dilution of our common stock when we issued additional Class A common stock, convertible debt and convertible preferred stock. As a result, despite the fact that our total EBDT for 2009 was up significantly over 2008, EBDT per share was down. As shareholders ourselves, we certainly recognize the impact of this dilution, but we believe the steps taken are vital to the Company's future growth and success, and to the long-term interests of shareholders.

Financial Results

Our EBDT for the full year ended January 31, 2010 was $301.1 million[1], a 37.5 percent increase compared with last year's $218.9 million[1]. On a per share basis, EBDT was $2.00[2] for 2009, a 2.4 percent decrease from the prior year's $2.05[3]. Our per-share data reflect the dilutive effect of the new Class A common shares we issued during the second quarter of 2009, and the "if-converted" effect of two convertible debt transactions executed during the third quarter.

EBDT and EBDT per share are non-Generally Accepted Accounting Principles (GAAP) measures. We believe EBDT is a key indicator of our performance and, over the long term, our ability to grow shareholder value. An exhibit illustrating factors impacting the Company's full-year 2009 EBDT results is available on page 23 of the Supplemental Package included in this 2009 Summary Annual Report and Supplemental Package.

Our combined Commercial and Residential Segments had a strong year and generated a pre-tax EBDT increase of $92.0 million[1] compared with 2008.

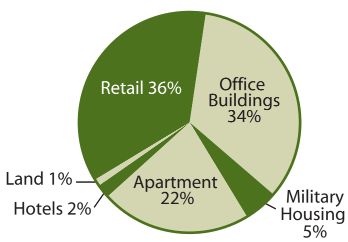
The increase was driven by a number of factors, including a gain of $27.1 million on early extinguishment of debt, decreased development project write-offs of $23.1 million, $21.5 million in reduced interest expense on our mature portfolio, increased income from the sale of tax credits of $21.5 million, lower losses due to mark-to-market changes in the fair market value of forward swaps of $19.5 million, $11.0 million in income as a result of new HUD guidelines on the treatment of replacement reserves, and $6.4 million in EBDT from newly opened properties.

operations of $17.5 million, reflecting the continued softness in the land business during 2009.

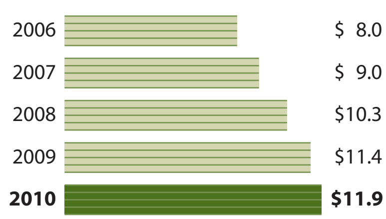
Total EBDT was also impacted by decreased corporate expenses of $5.4 million compared with 2008 due primarily to reduced compensation expense and cost-control efforts. Corporate interest expense increased $16.8 million as a result of increased borrowings on our revolving credit facility, additional interest expense associated with new convertible debt issued in the third quarter, and the non-cash impact of the adoption of accounting guidance for convertible

WE OVERCAME SIGNIFICANT CHALLENGES TO ACHIEVE RECORD EBDT, IMPROVE THE BALANCE SHEET, REDUCE EXPENSES, COMPLETE SUCCESSFUL NEW PROJECTS, AND ACHIEVE MAJOR PROJECT MILESTONES.

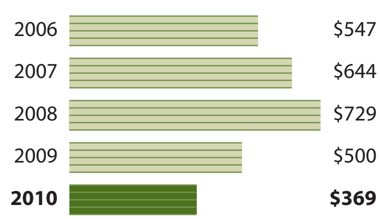
Net Operating Income by Product Type[4]
January 31, 2010 ($735.1 million)



Total Assets
January 31, (in billions)



Liquidity
Adjusted cash and credit available
January 31, (in millions)



These positive factors were offset somewhat by a decrease of $12.4 million in commercial outlot sales, 2008 lease termination fee income of $12.2 million that did not recur in 2009, $8.6 million in reduced fee income from military housing, and $4.0 million in reduced EBDT from properties sold.

In the Company's Land Segment, pre-tax EBDT increased $6.2 million[1] compared with 2008 as a result of the 2008 write-down of $12.4 million related to the Lehman Brothers, Inc. bankruptcy, which did not recur in 2009, and the gain on early extinguishment of debt of $11.3 million, primarily related to the repurchase of two land loans at a significant discount during the second quarter. These positive factors in the Land Segment were offset by decreased EBDT from Land

securities in 2009. Finally, the Company's share of operating losses for the Nets basketball team increased by $2.5 million, and the Company had a smaller tax benefit of $2.1 million for 2009 compared with the prior year.

The net loss for the full year was $30.7 million, or $0.22 per share, compared with a net loss of $113.2 million, or $1.10 per share, in 2008.

Revenues for the year ended January 31, 2010 were $1.26 billion, a 1.8 percent decrease compared with the prior year.

At January 31, 2010, the Company had $251.4 million ($275.0 million at the Company's pro-rata share) in cash on its balance sheet and $220.5 million of available capacity on the revolving line of credit.

Capital Transactions and Other Financing Activities

During 2009 and early 2010, we executed a series of capital markets and financing transactions that contributed to improving Forest City's balance sheet and enhancing liquidity. These transactions, which totaled $965 million before transaction-related fees, included:

- raising $345.0 million through the issuance of 52.3 million Class A common shares;
- utilizing privately negotiated exchange and sale transactions with certain holders of the Company's 3.625 percent Puttable Equity Linked Notes due 2011, for a new issue of 3.625 percent Puttable Equity-Linked Senior Notes due in 2014, resulting in exchanges of $167.4 million of the 2011 notes, and the cash sale of an additional $32.6 million of 2014 notes;
- closing a $200 million offering of 5 percent Convertible Senior Notes due 2016; and
- entering into privately negotiated transactions with certain holders of three separate series of Senior Notes due 2011, 2015 and 2017, for a new issue of Cumulative Perpetual Convertible Preferred Stock, resulting in exchanges of $170 million of Senior Notes and cash sale of an additional $50 million of the new preferred.

In addition, we successfully closed our new, two-year, $500 million revolving credit facility with the support of our 15-member bank group. Many of the banks have been with us for decades, and we added Barclays as a new participant in the line.

During the year, we closed on nonrecourse mortgage transactions totaling $1.6 billion ($1.7 billion at the Company's pro-rata share). The total included $278 million ($313 million at pro-rata) in refinancings and $1.3 billion ($1.4 billion at pro-rata) in loan extensions and additional fundings. This level of achievement in 2009 is a tribute to the hard work, tenacity and dedication of our finance teams and our nonrecourse lenders.

As of January 31, 2010, the Company's weighted average cost of mortgage debt increased to 5.16 percent from 5.00 percent at January 31, 2009, due primarily to an increase in variable-rate mortgage debt. Fixed-rate mortgage debt, which represented 71 percent of our total nonrecourse mortgage debt, and is inclusive of interest rate swaps, decreased from 6.04 percent at January 31, 2009, to 6.00 percent at January 31, 2010. Variable-rate mortgage debt increased from 1.98 percent at January 31, 2009 to 3.06 percent at January 31, 2010.

DURING 2009 AND EARLY 2010, WE EXECUTED A SERIES OF CAPITAL MARKETS AND FINANCING TRANSACTIONS THAT CONTRIBUTED TO IMPROVING FOREST CITY'S BALANCE SHEET AND ENHANCING LIQUIDITY.

Real Estate Portfolio Overview*(5)

January 31, 2010

Retail	Square Feet Including Anchors 27,826,000
Office Buildings	Leasable Square Feet 14,112,000
Hotels	Rooms 1,833
Apartments Includes residual interest in 741 Federally Subsidized housing units	Units 34,657
Military Housing	Units 11,953
Arena	Square Feet/Seats 670,000/18,000
Land Development	Gross Acres Held 10,543

**includes unconsolidated properties but excludes condominiums*

Asset Sales and Joint Ventures

During 2009 and continuing through early 2010, we capitalized on firming asset pricing in key real estate segments to unlock value in our portfolio through selective asset sales and joint ventures. All of our recent transactions were completed at attractive cap rates, and generated total proceeds exceeding the $200 million target we set last year. These transactions included:

- the sale of The Shops at Grand Avenue, a retail center in the Borough of Queens, New York, for $33.5 million, representing a 7.75 percent cap rate;
- the sale of our partnership interests in three supported-living apartment communities, which yielded proceeds of approximately $30 million;
- the creation of a joint venture with Bernstein Management Corporation for ownership of three residential multifamily properties in our Washington, D.C. area apartment portfolio, which resulted in proceeds of approximately $32 million, representing a cap rate of 6.5 percent; and
- the creation of a joint venture with Health Care REIT, Inc. for ownership of seven life science office buildings at University Park at MIT in Cambridge, Massachusetts. The transaction represents a 7.6 percent cap rate and is expected to result in total proceeds of approximately $138 million, including approximately $10 million from one remaining building expected to close in the near future.

Portfolio Performance

We were pleased with the performance of our portfolio, particularly in light of the market and economic conditions we faced in 2009. Overall comparable property net operating income (Comp NOI) from the portfolio was down 0.8 percent[4] for the year compared with 2008 – solid results in challenging times. Comparable property occupancies finished the year modestly above 2008 levels in all three major portfolio segments: retail, office and residential.

Comp NOI, defined as NOI from properties operated for the full year in both 2009 and 2008, is a non-GAAP financial measure and is based on the pro-rata consolidation method, also a non-GAAP financial measure.

80 DeKalb Avenue, Brooklyn, New York

Office

Our office portfolio showed strength throughout 2009, with Comp NOI for the year increasing 5.4 percent[4], while comparable office occupancies were 90.3 percent at the end of the year, an increase from the end of 2008. The positive results from the portfolio were driven by higher occupancies at our life sciences properties as well as rent improvements at several of our New York City office buildings.

Outlook: We expect Comp NOI growth in office to continue to be positive, but to moderate somewhat in the near term. Occupancies should remain stable with the potential for modest increase. The majority of our portfolio is leased to large, high-quality tenants signed to long-term leases in core markets. Across the portfolio, major leases are generally well staggered, and no single tenant accounts for more than 8 percent of the total office portfolio square footage.

Retail

In 2009, Comp NOI for the retail segment was down 3.9 percent(4) and occupancy in our comparable retail centers was 90.1 percent. Leasing spreads (the difference between rents on expiring leases and rents on new leases) were down 4.7 percent in our regional malls and regional mall sales averaged $386 per square foot. Comparable regional mall sales decreased 8.8 percent, a reflection of recessionary pressure on consumers.

Outlook: Because of its sensitivity to the broader economy, retail has been hard hit by the recession. As with all of our product categories, our approach during the recession has been to focus on maintaining occupancies in order to position the properties to benefit as conditions improve. We began to see some modest improvement in our retail portfolio late in 2009. We expect improvement in the retail portfolio to continue as the economy gains momentum.

The Village at Gulfstream Park, Hallandale Beach, Florida

Residential

During 2009, overall market conditions put pressure on rents, occupancy and margins for our residential portfolio. For the full year, Comp NOI from our residential portfolio decreased 2.8 percent(4). Comparable average occupancies were 92.2 percent and comparable property net rental income (defined as gross rent less vacancies and concessions) ended the year at 90.2 percent. As expected, construction and development fees from our Military Housing business were lower due to the completion of the development phases at several of our installations. Although EBDT from Military Housing was down for the year, this remains a solid, profitable business and we continue to evaluate opportunities to grow our nearly 12,000-unit military portfolio(5).

Outlook: We anticipate that our residential multifamily portfolio will be among the first areas of our business to respond favorably if overall conditions in the general economy continue to improve. Occupancies should remain stable, with potential for modest growth, driven in part by a relative lack of new product in the multifamily rental market over the past several years.

Commercial Group

2009 Performance at a Glance	
EBDT(1)	$ 286.4 mil.
Comparable NOI Decrease(4)	(0.2%)
Retail Comparable NOI Decrease(4)	(3.9%)
Office Comparable NOI Increase(4)	5.4%
Regional Mall Sales Per Square Foot	$386
Comparable Regional Mall Sales Decrease	(8.8%)
Comparable Retail Occupancy	90.1%
Comparable Office Occupancy	90.3%

Portfolio at a Glance(5)	
Total	
Completed Projects	100
Projects Under Construction	5
Total Assets	$ 8.6 bil.
Retail	
Completed Retail Centers	46
Retail Centers Under Construction	3
Total Retail Square Footage	27.8 mil.
Gross Leasable Area	16.9 mil.
Office	
Completed Office Buildings	49
Office Buildings Under Construction	1
Office Square Footage	14.1 mil.
Arena	
Arena Under Construction	1
Total Arena Square Footage	670,000
Estimated Seating Capacity for NBA Basketball Event	18,000
Hotel	
Completed Hotels	5
Total Rooms	1,833

Land

Our land business is clearly the segment hit hardest by the bursting of the housing bubble, the turmoil in the financial sector and the recession. Our 2009 operating results for Land were down meaningfully from 2008 results, reflecting the continued impact of the economy and credit market conditions on home builders and consumers.

As a result of these same stresses, however, we have been able to take advantage of opportunities in the land segment. For example, during 2009 we were able to repurchase two land loans related to our own projects at a significant discount. On April 1, 2010, we announced a financing and development partnership for an existing 3,000-acre, master-planned community in suburban Houston, one of the strongest single-family home markets in the country. We entered the transaction through the purchase of discounted debt and will have a majority combined stake in the venture going forward.

Outlook: More indicators are suggesting that the single-family home market may have reached a bottom and even begun to turn up in certain markets. If this trend continues, it bodes well for our land business, where we have significant entitled development opportunity in good markets, and are in a position to respond quickly to builders' demand for lots.

In some of our key developments, including Stapleton in Denver, early signs suggest a readiness on the part of builders to increase their inventory of lots to meet anticipated growth in demand. Stapleton is also an example of the very real value of the strategy of "place-making," our approach to creating complete live/work/shop/play communities. Throughout the recession, we have continued to sell lots to builders at Stapleton, albeit in reduced numbers, and average home prices (excluding affordable units) have continued to appreciate. In addition, average resale values exceeded original purchase prices throughout 2009. Perhaps most telling, approximately 30 percent of 2009 home buyers were already residents of Stapleton.

Longer term, we remain bullish on the land business. We believe that demographic trends, including continued U.S. population growth, combined with historically low housing starts over the past several years, will naturally lead to increased demand as the economy improves.

BETWEEN OUR 2009 AND ANTICIPATED 2010 OPENINGS, WE WILL ADD MORE THAN $800 MILLION (AT PRO-RATA) WORTH OF REAL ESTATE TO THE PORTFOLIO.

Openings and Pipeline Update

The Company has curtailed new development and slowed the pace of some existing pipeline projects in response to the economic downturn that began in 2008. As a result, we commenced construction on one new project – the Barclays Center arena in Brooklyn, New York – in 2009. While this level of activity is quite a change from the period of 2005 to 2008, during which we started construction on 36 projects representing approximately $3.4 billion[7] of cost (at pro-rata), it is appropriate in light of economic and financial market conditions, and is consistent with our focus on preserving liquidity. Going forward, we believe our shadow pipeline gives us considerable flexibility in the form of a significant number of entitled opportunities in core markets. This will allow us to promptly ramp-up new development as economic and financial market conditions improve.

Between our 2009 and anticipated 2010 openings, we will add more than $800 million[8] (at pro-rata) worth of real estate to the portfolio. At the positive spreads between returns and the cost of financing that currently exist in the marketplace, we expect all of these openings to be accretive to our performance.

Milestones

Financial

- Achieved record EBDT of $301.1 million[1] in fiscal 2009
- Raised $345 million through offering of 52.3 million shares of Class A common stock
- Exchanged $167.4 million of Puttable Equity-Linked Senior Notes, for new notes due 2014; issued additional $32.6 million of new notes for cash
- Issued $200 million in Convertible Senior Notes, due 2016
- Addressed approximately $1.7 billion[6] at pro-rata of property-level, nonrecourse mortgage debt maturities
- Secured new, two-year $500 million revolving credit facility
- Exchanged $170 million of Senior Notes due 2011, 2015 and 2017 for a new issue of convertible preferred stock; issued additional $50 million of preferred for cash (in March 2010)

Properties and Projects

- Opened 127,000-square-foot expansion of Promenade at Temecula retail center in California
- Broke ground on publicly funded riverfront park at The Yards in Washington D.C.
- Celebrated topping out of Beekman residential tower in Manhattan
- Began initial lease-up of 365-unit 80 DeKalb residential rental community in Brooklyn
- Opened Costco at East River Plaza retail center in Manhattan
- Opened Village at Gulfstream Park retail center in Hallandale Beach, Florida (in February 2010)
- Completed construction on first two office buildings at Waterfront in Washington, D.C. (in early 2010)
- Chosen as an advisor for Poplar Point, mixed-use riverfront project in Southeast Washington
- Named program manager for redevelopment of San Juan, Puerto Rico's waterfront district
- Selected as fee developer for new City Hall in downtown Las Vegas

JVs and Asset Sales

- Completed sale of The Shops at Grand Avenue in Queens, New York
- Completed sale of partnership interests in three supported-living apartment communities
- Announced joint venture with Bernstein Management for three apartment communities in Washington, D.C. (in early 2010)
- Established joint venture with Health Care REIT for a group of office buildings in University Park at MIT (in early 2010)
- Secured financing and development partnership for Woodforest master-planned community in Houston (in April 2010)

Atlantic Yards

- Secured refinancing on key $161.9 million land loan
- Received key favorable ruling from NY State Court of Appeals on eminent domain lawsuit
- Received investment-grade ratings for $511 million in tax-exempt bonds to help finance Barclays Center
- Announced agreement to sell interests in Nets team and Barclays Center arena to entities controlled by Mikhail Prokhorov
- Commenced construction, completed Master Closing, celebrated groundbreaking for Barclays Center arena

Land Development Group

2009 Performance at a Glance

EBDT[1]	$ 12.8 mil.
Gross Acres Owned at Year-End	10,543
Number of Projects	38
Acres with Option to Purchase	8,463

2009 Property Openings

Forest City opened three projects during 2009, adding $276.7 million of cost at the Company's pro-rata share and on a full consolidation basis. Major openings during the year included:

- ***Promenade at Temecula*** expansion, which added a 127,000-square-foot outdoor town center to this 1.1-million-square-foot regional mall in Southern California. The expansion is currently 71 percent leased and committed, and the balance of the center is 98 percent leased.
- ***80 DeKalb Avenue***, a 365-unit residential rental community in Brooklyn, which opened for leasing and initial move-ins during the fourth quarter of 2009. As we write this letter, we already have signed or pending leases for more than half of the total units.

Under Construction and 2010 Property Openings

At the end of fiscal 2009, we had seven projects under construction with a total project cost of $2.3 billion ($2.2 billion at our pro-rata share). One of these projects has already opened, and three others are expected to open by the end of 2010.

On February 11, 2010, we held the grand opening of The Village at Gulfstream Park, a 510,000-square-foot mixed-use retail center in Hallandale Beach, Florida. This shopping and entertainment destination, anchored by Gulfstream Park Racetrack and Casino, will feature approximately 70 stores, up to 89,000 square feet of Class A office space and the potential for future residential units. The retail space is 85 percent leased as we write this letter.

We have two retail centers under construction in our New York City core market. On November 12, 2009, we opened Costco at the 527,000-square-foot East River Plaza big-box retail center. The balance of the center, which is 93 percent preleased, is expected to open later in 2010. In addition to being home to Manhattan's first Costco, the center will also be home to the borough's first Target. Also under construction, is the 1.3-million-square-foot Ridge Hill, a premier retail/mixed use project in Yonkers that will benefit from the compelling location and demographics of Westchester County. The project has commitments in place from high-quality anchors including National Amusements and Whole Foods, and we are in active discussions with additional prospective tenants. During the year, we reached an agreement with a 13-member bank group on a two-year extension and modification of the $557 million construction financing for Ridge Hill.

In Washington, D.C., we are near completion of the first phase of the Waterfront Station redevelopment project. The first two office buildings, which are targeting to meet LEED Gold certification, total 631,000 square feet of office and ground-level retail space. The office component is leased to the District of Columbia for government offices, and move-ins are underway. At our other Washington, D.C. project – The Yards – we broke ground in 2009 on a publicly funded riverfront park that will serve as a community centerpiece for this part of Southeast Washington, and will help to create a unique sense of place for the overall project.

In the residential portfolio, we have two projects under construction. The first is Beekman, a 76-story, 1.1-million-square-foot high-rise apartment community in Manhattan.

Waterfront Station, Washington, D.C.

East River Plaza, Manhattan, New York

Beekman, which will have 904 market-rate apartments, is already becoming a landmark in Lower Manhattan. Leasing will begin in 2011. The second project is the 161-unit Presidio Landmark, an adaptive re-use of a former U.S. Health Service hospital at the foot of the Golden Gate Bridge in San Francisco. Leasing for Presidio Landmark, which is being developed in partnership with the Presidio Trust, will begin later this year.

In Brooklyn, 2009 was a year of major milestones for our Atlantic Yards project. We successfully addressed a major land loan, the lawsuits opposing the project are all but behind us, and the tax-exempt bonds that will help finance the construction of the arena have been issued at an attractive rate. In addition, we identified a great partner who plans to take a majority interest in the team and a significant interest in the arena. We began construction on the arena and executed the Master Closing for the project.

On March 11, 2010, we held the groundbreaking ceremony for the Barclays Center, a world-class, 18,000-seat sports and entertainment arena that will bring major professional sports back to Brooklyn as the home of the NBA's Nets. We look forward to providing Brooklyn with the anticipated economic benefits, housing, jobs and revitalization of the overall Atlantic Yards project.

Beekman, Manhattan, New York

Residential Group

2009 Performance at a Glance

EBDT[1]	$ 122.8 mil.
Comparable NOI Decrease[4]	(2.8%)
Comparable Annual Average Occupancy	92.2%
Comparable Year-End Occupancy	93.7%

Portfolio at a Glance[5]

Total Assets	$ 2.7 bil.
Completed Apartment Communities	117
Apartment Communities Under Construction	3
Completed Apartment Units	33,244
Apartment Units Under Construction	1,413
Completed Military Housing Communities	1
Military Housing Communities Under Construction	7
Completed Military Housing Units	1,952
Military Housing Units Under Construction	10,001

Reflections and Outlook

In summary, 2009 was a year in which we accomplished a great deal as an organization. It was also a year of valuable learnings – both new insights as well as validations of long-held beliefs.

For example, we saw in stark contrast both the opportunities and risks of development. Development is a key long-term value driver and a distinguishing core competency for Forest City. At the same time, the overall level of development activity must be kept in balance with the operating portfolio and the needs and capacities of the organization, as well as the demands of the marketplace and capital markets. Achieving and maintaining the appropriate balance will continue to be an ongoing focus and discipline for Forest City.

We also saw confirmation that the talent, reputation and relationships that buoy the Company during the best of times, also sustain it through periods of intense challenge. We've often said that ours is a relationship business – with lenders, tenants, business partners, communities, investors and our own associates. The strength of those relationships, as well as the depth of our talent base, contributed significantly to what we have achieved and will continue to achieve.

We gained additional insights about the necessary role of leverage as a component of our capital strategy, as well as the evolving perceptions of leverage in the financial and investment community. We made progress toward a long-term goal of reducing debt. At the same time, we were again reminded of the importance of the "anatomy" of that leverage. The benefit of our focus on nonrecourse debt for property financing was validated again in 2009 by our success in managing our property-level debt maturities in the face of near-frozen credit markets.

Finally, we saw the truth in one of the oldest adages in real estate – location, location, location. Our focus on core markets and key urban centers contributed significantly to results in 2009. These are markets with high barriers to entry into which we have brought our core competencies such as public/private partnerships, urban infill, mixed-use, adaptive re-use and master planning. We have a reservoir of entitled development opportunities in these markets that position the Company to capitalize on improving conditions with first-to-market advantage.

Creating long-term value for our shareholders is something to which we are deeply committed. Broadly speaking, market valuations for public real estate companies have recovered significantly from the lows seen just a year ago. Those who invested with us within the past year have achieved a meaningful return and the beginnings of what we believe is an opportunity for long-term value creation. Those

THE ACCOMPLISHMENTS OF 2009 AND THE STRENGTH OF OUR RESULTS, TOGETHER WITH SIGNS OF IMPROVEMENT IN THE ECONOMY AND CREDIT MARKETS, GIVE US GREATER OPTIMISM TODAY THAN AT ANY TIME IN THE RECENT PAST.

who have invested with us through past business cycles are already aware of our track record of creating value over time, even during challenging conditions.

While we are gratified by the rebound of our share price, we are not satisfied. Our shares continue to trade at an EBDT multiple below industry averages for real estate stocks. We believe the cap rates achieved in our asset sales and joint venture transactions in 2009 and early 2010 demonstrate the compelling value in our portfolio. Further, we believe the projects currently under construction, our development pipeline and the talent and depth of our team are distinguishing value drivers that are not reflected in our share price. Therein lies the opportunity for our shareholders and the challenge for our management team.

The accomplishments of 2009 and the strength of our results, together with signs of improvement in the economy and credit markets, give us greater optimism today than at any time in the recent past. The U.S. economy has shown remarkable resilience over time, and we believe a recovery will come. More fundamentally, we believe the continued demographic growth of the country, combined with obsolescence and lack of new product in the built environment, will create ample opportunity for Forest City over the longer term.

At the same time, we maintain a cautious outlook. There is lingering weakness in the economy and in real estate, unemployment remains a concern, and there is no certainty as to the timing and extent of a turnaround. Concern about deficits, the return of inflation and the prospect of rising interest rates also moderate our outlook. To be sure, the economy and the country have come a long way, and we have come a long way as a company. Still, our fundamental approach remains cautious.

Our experience, as reflected in a 50-year history as a public company (our stock began trading over the counter in 1960), together with our reputation, our core values as an organization, and the relationships we have built with all of our major constituencies – investors, partners, lenders, communities, tenants, and associates – all played a major role in what we were able to accomplish in 2009. We thank you for your ongoing support and look forward to updating you throughout the year as we seek to execute on our strategies and build long-term momentum and enhanced shareholder value.

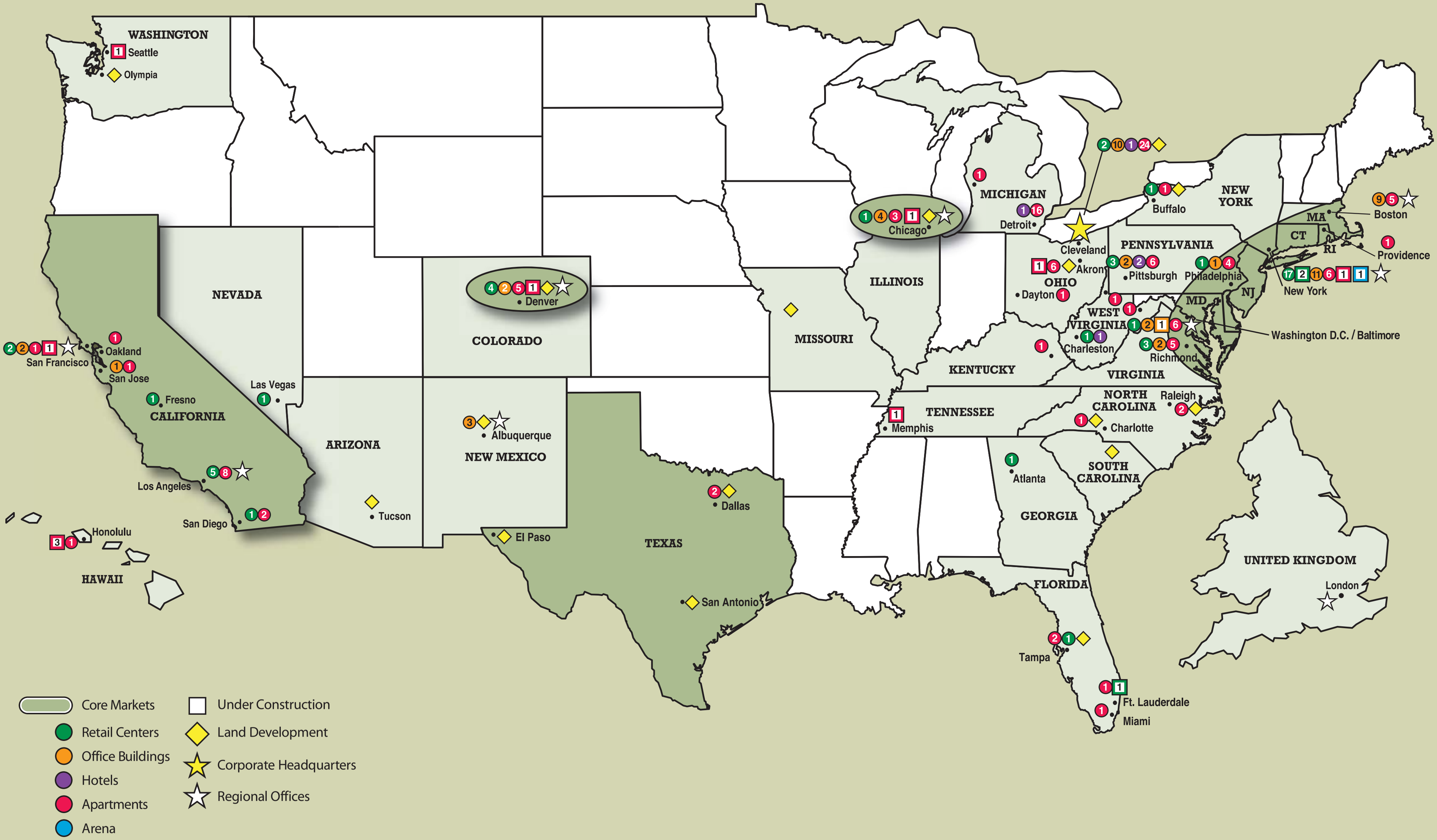
Samuel H. Miller
Co-Chairman of the Board and Treasurer

Albert B. Ratner
Co-Chairman of the Board

Charles A. Ratner
President and Chief Executive Officer

Portfolio of Real Estate

Forest City Enterprises, Inc. and Subsidiaries



NOTE: Numbers indicate properties in each market. A listing of our real estate portfolio is included on pages 58 to 68 in the Supplemental Package for the year ended January 31, 2010.

Corporate Directory
Forest City Enterprises, Inc. and Subsidiaries

BOARD OF DIRECTORS

Front row, left to right:

Stan Ross, *Retired Vice Chairman – Ernst & Young LLP; Chairman of the Board and Senior Fellow – University of Southern California Lusk Center for Real Estate*

Albert B. Ratner, *Co-Chairman of the Board*

Charles A. Ratner, *President and Chief Executive Officer*

Ronald A. Ratner, *Executive Vice President*

Samuel H. Miller, *Co-Chairman of the Board and Treasurer*

Brian J. Ratner, *Executive Vice President*

Back row, left to right:

Deborah Ratner Salzberg, *President of Forest City Washington, Inc.*

Louis Stokes, *Senior Counsel – Attorney-at-Law, Squire, Sanders & Dempsey LLP; Former Member of the United States Congress*

Bruce C. Ratner, *Executive Vice President*

Deborah L. Harmon, *Chief Executive Officer – Artemis Real Estate Partners, LLC; President – Harmon & Co.; Principal – Caravel Fund Management; Former President and Chief Investment Officer – J.E. Robert Companies*

Scott S. Cowen, *President – Tulane University*

Jerry V. Jarrett, *Retired Chairman and Chief Executive Officer – Ameritrust Corporation*

Joan K. Shafran, *Chief Operating Officer – Powell Partners Limited; Executive Managing Partner – The Berimore Company*

James A. Ratner, *Executive Vice President*

Michael P. Esposito, Jr., *Non-Executive Chairman – Primus Guaranty Ltd.; Non-Executive Chairman – Syncora Holdings Ltd.; Retired Non-Executive Chairman – XL Capital Ltd.; Retired Executive Vice President/Chief Control Compliance and Administrative Officer – The Chase Manhattan Bank, N.A.*

CORPORATE OFFICERS

Samuel H. Miller, *Co-Chairman of the Board and Treasurer*

Albert B. Ratner, *Co-Chairman of the Board*

Charles A. Ratner, *President and Chief Executive Officer*

James A. Ratner, *Executive Vice President*

Ronald A. Ratner, *Executive Vice President*

Bruce C. Ratner, *Executive Vice President*

Brian J. Ratner, *Executive Vice President*

Robert G. O'Brien, *Executive Vice President – Chief Financial Officer*

David J. LaRue, *Executive Vice President – Chief Operating Officer*

Andrew J. Passen, *Executive Vice President – Human Resources*

Linda M. Kane, *Senior Vice President, Chief Accounting and Administrative Officer*

Nancy W. McCann, *Senior Vice President – Marketing and Public Relations*

Geralyn M. Presti, *Senior Vice President, General Counsel and Secretary*

James W. Finnerty, *Vice President – Tax*

Thomas T. Kmiecik, *Assistant Treasurer*

Allan C. Krulak, *Vice President – Director of Community Affairs*

Charles D. Obert, *Vice President – Corporate Controller*

Charles L. Rau, *Vice President – Chief Technology Officer*

GENERAL COUNSEL OFFICE

Geralyn M. Presti, *Senior Vice President, General Counsel and Secretary*

William M. Warren, *General Counsel Emeritus*

David J. Gordon, *Associate General Counsel*

Charles L. Pitcock, *Associate General Counsel*

Joan C. Glenn-Katzakis, *Assistant General Counsel*

Amanda M. Seewald, *Assistant General Counsel*

FOREST CITY RENTAL PROPERTIES CORPORATION
(Selected Officers)

Mark C. Siegel, *Senior Vice President – Strategy and Investment Management*

Douglas A. Benjamin, *Vice President – Assistant Controller*

James A. Criswell, *Vice President – Internal Audit*

Michael J. Evrard, *Vice President – Business Services*

Vincent S. Hill, *Vice President – Corporate Security and Loss Prevention*

Sally A. Ingberg, *Vice President – Debt Management*

Thomas K. Johnson, *Vice President – Risk Management*

Jeffrey B. Linton, *Vice President – Corporate Communication*

Michael E. Lonsway, *Vice President – Strategy and Investment Management*

Jonathan Ratner, *Vice President – Sustainability Initiatives*

FOREST CITY COMMERCIAL GROUP, INC.

James A. Ratner, *Chairman, President and Chief Executive Officer*
D. Layton McCown, *Executive Vice President and Chief Financial Officer*

Operating Division

Duane F. Bishop, Jr., *Executive Vice President – Asset Management*

Accounting

John L. Hyclak, *Vice President*
Michael R. May, *Vice President*
Mark W. Smith, *Vice President*

Leasing

Joseph J. Boehm, III, *Senior Vice President – Retail Leasing*
Keith T. Brandt, *Vice President – Retail Leasing*
James M. Cory, *Vice President – Retail Leasing*
James P. Crosby, *Vice President – Office Leasing*
Michael E. Stevens, *Executive Vice President – Retail Leasing*

Management

Brian D. Cappelli, *Vice President – Office Operations*
Edward A. Chanatry, *Vice President – Asset Management*
Michael F. Farley, *Senior Vice President – Asset Management*
Tom L. Gilkeson, *Vice President – Retail Operations*
Jane E. Lisy, *Vice President – Marketing*
William T. Ross, *Senior Vice President – Asset Management*
Alan W. Schmiedicker, *Senior Vice President – Property Management*

Development Division

Peter B. Calkins, *Executive Vice President and Chief Operating Officer – Science + Technology Group*
Emerick J. Corsi, *Executive Vice President of Development*
Lawrence R. Klein, *Vice President of Development*
Brian J. Ratner, *President – East Coast Development*
Joginder Singh, *Executive Vice President – Commercial Construction*
Frank C. Wuest, *President – Science + Technology Group*

Forest City Finance Corporation

Judith A. Wolfe, *President*
Steven H. Kurland, *Senior Vice President*
Liane M. Simonetti, *Senior Vice President*
Douglas S. Brooks, *Vice President*
Eric J. Louttit, *Vice President*

Forest City International Limited

Brian S. Garrison, *Managing Director*

Forest City Ratner Companies – New York, New York

Bruce C. Ratner, *Chairman and Chief Executive Officer*
Joanne M. Minieri, *President and Chief Operating Officer*
Deborah J. Levinson, *Executive Vice President and Chief Financial Officer*

Commercial and Residential Development

MaryAnne Gilmartin, *Executive Vice President*
Melissa R. Burch, *Senior Vice President*
James R. Lester, *Senior Vice President*
Jane M. Marshall, *Senior Vice President*
Susi Yu, *Senior Vice President*

Retail Development

Richard S. Pesin, *Executive Vice President and Director*
John R. Cournoyer, *Senior Vice President*
Roger S. Krulak, *Senior Vice President*

Construction and Design Development

Robert P. Sanna, *Executive Vice President and Director*
Linda Chiarelli, *Senior Vice President and Deputy Director of Construction*
Gregory G. Lowe, *Senior Vice President*
Joseph A. Rechichi, *Senior Vice President*
Scott G. Stutman, *Senior Vice President*

Finance

Andrew P. Silberfein, *Executive Vice President*
Christopher L. Clayton, *Senior Vice President*
Howard A. Klein, *Senior Vice President*

Legal

David L. Berliner, *Executive Vice President and General Counsel*
Susan Elman, *Senior Vice President and Deputy General Counsel*

Accounting

Lauren T. Du, *Senior Vice President and Controller*
John K. Schnabel, *Vice President and Director of Financial Reporting*
Dalia Schwartz, *Vice President and Director of Cost Control*

Investment Management

Matthew L. Messinger, *Executive Vice President*
Josie Mok, *Vice President*

Government and Public Affairs

Bruce R. Bender, *Executive Vice President*
Scott C. Cantone, *Senior Vice President*

Office Services

Donna C. Singleton, *Senior Vice President and Administrative Officer*
Elena S. Iracane, *Senior Vice President – Human Resources*
Kevin R. Vertrees, *Senior Vice President and Chief Information Officer*

First New York Partners

Terence M. Whalen, *President*
Loise Ocasio, *Vice President and Director of Property Accounting*
Yehuda Z. Sheinfeld, *Vice President and Director of GAAP Accounting and SBU Reporting*

FOREST CITY RESIDENTIAL GROUP, INC.

Ronald A. Ratner, *President and Chief Executive Officer*
James J. Prohaska, *Executive Vice President and Chief Operating Officer*
James T. Brady, *Vice President and Chief Financial Officer*
John D. Brocklehurst, *Vice President*
David S. Conway, *Vice President – Asset Management*
Jeffrey M. Frericks, *Vice President – Financial Operations*
James A. Kovalcheck, *Vice President – Financial Operations*
Gerald M. Leuhsler, *Vice President – Construction Administration*
David J. Levey, *Executive Vice President – East Coast Development*
Jay W. Magee, *Vice President – Equity Services*
Lori L. Reeves, *Vice President*
James E. Truitt, *Vice President – Development*

Forest City Capital Corporation

Mark H. Gerteis, *President*
Anthony A. Love, *Vice President*
Christopher M. Mellis, *Vice President*
Karen A. Travers, *Vice President*

Forest City Residential Management, Inc.

George M. Cvijovic, *Co-President, Chief Operations Officer*
Angelo N. Pimpas, *Co-President, Chief Administrative Officer*
Genevieve L. Bauer, *Vice President – Military Housing*
Rod H. Brannon, *Vice President – Engineering and Maintenance*
Tommy H. Carter, *Vice President – Military Housing*
Cynthia L. Ritenour, *Vice President – Administration*
Tina L. Rosendale, *Vice President – Conventional Housing*

Forest City Stapleton, Inc. - Denver, Colorado

John S. Lehigh, *President*
James D. Chrisman, *Senior Vice President – Development*
Brian Fennelly, *Vice President – Finance and Accounting*
Denise A. Gammon, *Senior Vice President – Development*
Charles C. Nicola, Jr., *Senior Vice President – Design and Construction*

Mesa del Sol – Albuquerque, New Mexico

Michael D. Daly, *President*

Forest City Military Communities

Thomas W. Henneberry, *President*
Michael S. Defferding, *Executive Vice President*
Gary R. Walton, *Vice President – Construction*
Robert J. Kelly, *Chief Financial Officer*
Jon C. Wallenstrom, *Senior Vice President – Hawaii*
James C. Ramirez, *Vice President Construction – Hawaii*
John A. Ehle, *Senior Vice President – Midsouth, Midwest, Northwest, Air Force Academy*
Michael D. Nanney, *Vice President – Northwest*

Forest City Washington, Inc. – Washington, D.C.

Deborah Ratner Salzberg, *President*
Thomas W. Henneberry, *Chief Operating Officer*
Thomas G. Archer, *Senior Vice President – Development*
Ramsey D. Meiser, *Senior Vice President – Development*
Gregory B. Spivey, *Vice President – Construction*

Forest City West – Los Angeles, California

Kevin L. Ratner, *President*
Dimitri G. Vazelakis, *Chief Operating Officer*
Alexa C. Arena, *Vice President – Development-San Francisco*
Theodore R. Beder, *Vice President – Finance and Accounting*
Scott R. Carlson, *Senior Vice President – Acquisitions*
James M. Ostrom, *Vice President – Construction*
Renata C. Simril, *Senior Vice President – Development-Los Angeles*
George Michael VanEtten, *Vice President – Construction*

FOREST CITY LAND GROUP, INC.

Robert F. Monchein, *President*
Mark A. Ternes, *Senior Vice President and Chief Financial Officer*
Dean F. Wingert, *Senior Vice President*
David R. Blom, *Vice President*
James P. Martynowski, *Vice President*
William A. Sanderson, *Vice President*

Shareholder Information

SEC Form 10-K

This Summary Annual Report and Supplemental Package is only a summary of fiscal year 2009 and should be read in conjunction with our Annual Report on Form 10-K as filed with the Securities and Exchange Commission. A copy of Form 10-K may be downloaded from our website or obtained without charge upon written request to:

Thomas T. Kmiecik
Assistant Treasurer
Forest City Enterprises, Inc.
50 Public Square, Suite 1100, Terminal Tower
Cleveland, Ohio 44113
tomkmiecik@forestcity.net

Transfer Agent and Registrar

Wells Fargo
Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-9440
(800) 468-9716
www.shareowneronline.com

Dividend Reinvestment and Stock Purchase Plan

The Company offers its stockholders the opportunity to purchase additional shares of common stock through the Forest City Enterprises, Inc. Dividend Reinvestment and Stock Purchase Plan at 97 percent of current market value. A copy of the Plan prospectus and an enrollment card may be obtained by contacting Wells Fargo Shareowner Services at (800) 468-9716 or by visiting www.shareowneronline.com.

Annual Meeting

The annual meeting of Forest City Enterprises' shareholders will be held on June 16, 2010 at 2:00 p.m. at the Ritz-Carlton Hotel in Cleveland, Ohio:

Ritz-Carlton Hotel
6th Floor Riverview Room
Tower City Center
1515 West Third Street
Cleveland, Ohio 44113

Number of Holders of Common Stock

The number of shareholders of record as of February 26, 2010 for Class A and Class B common stock was 819 and 485, respectively, as certified by Wells Fargo, Agent.

Website

www.forestcity.net
The information found on the Company's website is not part of this summary annual report.

Executive Offices

Forest City Enterprises, Inc.
Terminal Tower, 50 Public Square, Suite 1100
Cleveland, Ohio 44113
(216) 621-6060

Stock Exchange Listing

New York Stock Exchange
New York, New York
Symbols: FCEA and FCEB

FCEA Listed NYSE THE NEW YORK STOCK EXCHANGE

FCEB Listed NYSE THE NEW YORK STOCK EXCHANGE

Footnotes to Summary Annual Report:

(1) Refer to the explanation of EBDT and Reconciliation of Net Earnings to EBDT beginning on page 21 of the Supplemental Package enclosed in this report.

(2) For the year ended January 31, 2010, the effect of 12,065,194 shares of dilutive securities was not included in the computation of diluted earnings per share because their effect is anti-dilutive to the loss from continuing operations. Additionally, an adjustment is required for interest of $3,501 related to the 3.625% Puttable Senior Notes and the 5% Convertible Senior Notes. Therefore EBDT for purposes of calculating per share data is $304,157. (Since these shares are dilutive for the computation of EBDT per share for the year ended January 31, 2010, diluted weighted average shares outstanding of 151,890,543 were used to arrive at $2.00/share.)

(3) For the year ended January 31, 2009, the effect of 4,213,684 shares of dilutive securities was not included in the computation of diluted earnings per share because their effect is anti-dilutive to the loss from continuing operations. (Since these shares are dilutive for the computation of EBDT per share for the year ended January 31, 2009, diluted weighted average shares outstanding of 106,968,999 were used to arrive at $2.05/share.)

(4) Refer to page 13 of the Supplemental Package for the definition of Comparable Net Operating Income (NOI), pages 14 through 15 for the reconciliation between the Full Consolidation (GAAP) and Pro-Rata Consolidation Comparable NOI and pages 18 through 19 for the Reconciliation of NOI to Net Earnings.

(5) Refer to pages 58 through 68 of the Supplemental Package for a detailed listing of the real estate portfolio.

(6) The property-level, non-recourse debt addressed during the year at Full Consolidation (GAAP) is $1.6 billion.

(7) The cost of new construction started between 2005 and 2008 at Full Consolidation (GAAP) is $3.0 billion.

(8) The cost of 2009 openings and anticipated 2010 openings at Full Consolidation (GAAP) is expected to be more than $900 million.

Environmental Benefits

This Summary Annual Report and Supplemental Package is printed with 10% post-consumer waste recycled paper and vegetable-based inks.

By using this environmental paper, Forest City saved the following resources:

14 trees preserved for the future	42 lbs. waterborne waste not created	6,117 gal. wastewater flow saved	**Mixed Sources** Product group from well-managed forests, controlled sources and recycled wood or fibre www.fsc.org Cert no. SW-COC-002686 © 1996 Forest Stewardship Council FSC	677 lbs. solid waste not generated	1,333 lbs. net greeenhouse gases preserved	10,200,000 BTUs energy not consumed

The FSC Trademark identifies wood fibers coming from forests which have been certified in accordance with the rules of the Forest Stewardship Council.
Calculator Source: Mohawk Environmental Calculator

FORESTCITY

Forest City Enterprises, Inc.
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Cleveland, Ohio 44113 • (216) 621-6060
www.forestcity.net

FCEA Listed NYSE THE NEW YORK STOCK EXCHANGE

FCEB Listed NYSE THE NEW YORK STOCK EXCHANGE