

VORNADO REALTY TRUST  
Form DEF 14A  
April 03, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
(RULE 14a-1)**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

**VORNADO REALTY TRUST**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- o Fee paid previously with preliminary materials.
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  - (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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VORNADO REALTY TRUST  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**AND PROXY STATEMENT**  
**2009**

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**888 Seventh Avenue  
New York, New York 10019**

**Notice of Annual Meeting of Shareholders to Be Held on May 14, 2009**

To our Shareholders:

The 2009 Annual Meeting of Shareholders of Vornado Realty Trust, a Maryland real estate investment trust (the Company), will be held at the Saddle Brook Marriott, Interstate 80 and the Garden State Parkway, Saddle Brook, New Jersey 07663, on Thursday, May 14, 2009, beginning at 11:30 A.M., local time, for the following purposes:

- (1) To elect three persons to the Board of Trustees of the Company. Each person elected will serve for a term of three years and until his successor is duly elected and qualified.
- (2) To consider and vote upon the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the current fiscal year.
- (3) To consider and vote upon a shareholder proposal regarding majority voting, if properly presented at the meeting.
- (4) To consider and vote upon a shareholder proposal regarding the appointment of an independent Chairman, if properly presented at the meeting.
- (5) To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

The Board of Trustees of the Company has fixed the close of business on March 13, 2009 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting.

Please review the accompanying Proxy Statement and proxy card. Whether or not you plan to attend the meeting, your shares should be represented and voted. You may authorize your proxy by the Internet or by touch-tone phone as described on the proxy card. Alternatively, you may wish to sign the proxy card and return it in accordance with the instructions included with the proxy card. You may revoke your proxy by (1) executing and submitting a later-dated proxy card that is received prior to May 14, 2009, (2) subsequently authorizing a proxy through the Internet or by telephone, (3) sending a written revocation of proxy to our Secretary at our principal executive office, or (4) attending the Annual Meeting and voting in person.

By Order of the Board of Trustees,

**Alan J. Rice**  
Secretary

April 3, 2009

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**888 Seventh Avenue  
New York, New York 10019**

## **PROXY STATEMENT**

### **Annual Meeting of Shareholders to Be Held on May 14, 2009**

The accompanying proxy is being solicited by the Board of Trustees (the Board) of Vornado Realty Trust, a Maryland real estate investment trust (we, us, our or the Company), for use at our 2009 Annual Meeting of Shareholders (the Annual Meeting) to be held on Thursday, May 14, 2009, beginning at 11:30 A.M., local time, at the Saddle Brook Marriott, Interstate 80 and the Garden State Parkway, Saddle Brook, New Jersey 07663. Our principal executive office is located at 888 Seventh Avenue, New York, New York 10019. Our proxy materials, including this Proxy Statement, the Notice of Annual Meeting of Shareholders, the proxy card or voting instruction card and our 2008 Annual Report are being distributed and made available on or about April 3, 2009.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials to our shareholders on the Internet. Accordingly, a notice of Internet availability of proxy materials will be mailed on or about April 3, 2009 to our shareholders of record as of March 13, 2009. Shareholders will have the ability to access the proxy materials on a website referred to in the notice or request that a printed set of the proxy materials be sent, at no cost to them, by following the instructions in the notice. **You will need your 12-digit control number that is included with the notice mailed on April 3, 2009, to vote your shares through the internet. If you have not received a copy of this notice, please contact our investor relations department at 201-587-1000 or send an e-mail to [ircontact@vno.com](mailto:ircontact@vno.com). If you wish to receive a hard copy of these materials you can request them at [www.proxyvote.com](http://www.proxyvote.com) or by dialing 1-800-579-1639 and following the instructions at that website or phone number.**

#### *How do you vote?*

You may authorize your proxy over the Internet (at [www.proxyvote.com](http://www.proxyvote.com)), by telephone (at 1-800-690-6903) or by executing and returning a proxy card. Once you authorize a proxy, you may revoke that proxy by (1) executing and submitting a later dated proxy card, (2) subsequently authorizing a proxy through the Internet or by telephone, (3) sending a written revocation of proxy to our Secretary at our principal executive office, or (4) attending the Annual Meeting and voting in person. Attending the Annual Meeting without submitting a new proxy or voting in person will not automatically revoke your prior authorization of your proxy. Proxies authorized via the internet or telephone must be received by 11:59 P.M., New York City time, on Wednesday, May 13, 2009.

We will pay the cost of soliciting proxies. We have hired MacKenzie Partners, Inc. to solicit proxies for a fee not to exceed \$5,500. In addition to solicitation by mail, by telephone and by e-mail or the Internet, arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy materials to their principals and we may reimburse them for their expenses in so doing. If you hold shares in street name (i.e., through a bank, broker or other nominee), you will receive instructions from your nominee that you must follow in order to have your proxy authorized, or you may contact your nominee directly to request these instructions.

#### *Who is entitled to vote?*

Only shareholders of record as of the close of business on March 13, 2009 are entitled to notice of and to vote at the Annual Meeting. We refer to this date as the record date. On that date, there were 158,275,854 of our common shares of beneficial interest, par value \$0.04 per share (the Shares), outstanding. Holders of Shares as of the record date are entitled to one vote per Share on each matter properly submitted at the Annual Meeting.



## 2 VORNADO REALTY TRUST 2009 PROXY STATEMENT

### *How do you attend the meeting in person?*

If you would like to attend the Annual Meeting in person, you will need to bring an account statement or other evidence acceptable to us of ownership of your Shares as of the close of business on the record date. If you hold Shares in street name and wish to vote at the Annual Meeting, you will need to contact your nominee and obtain a proxy from your nominee and bring it to the Annual Meeting.

### *How will your votes be counted?*

The holders of a majority of the outstanding Shares as of the close of business on the record date, present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Any proxy submitted will be voted as directed. Any proxy executed and submitted, but for which no direction is given, will be voted as recommended by the Board of Trustees in this proxy statement and in the discretion of the proxy holder on any other matter that may properly come before the meeting. A broker non-vote and any proxy marked withhold authority or an abstention, as applicable, will count for the purposes of determining a quorum, but will have no effect on the result of the vote on the election of trustees, the ratification of the appointment of our registered independent public accounting firm or the shareholder proposals.

## **PROPOSAL 1: ELECTION OF TRUSTEES**

### **TRUSTEES STANDING FOR ELECTION**

Our Board currently has 11 trustees. On February 19, 2009, our Board, on the recommendation of our Corporate Governance and Nominating Committee, nominated each of Messrs. Steven Roth, Michael D. Fascitelli and Russell B. Wight, Jr. for election at our Annual Meeting to the class of trustees to serve until 2012 and until his respective successor is duly elected and qualified. Messrs. Roth, Fascitelli and Wight are currently serving as members of our Board. Our organizational documents provide that our trustees are divided into three classes, as nearly equal in number as reasonably possible, as determined by the Board. One class of trustees is elected at each Annual Meeting to hold office for a term of three years and until their respective successors have been duly elected and qualified.

Unless you direct otherwise in the proxy, each of the persons named in the attached proxy will vote your proxy for the election of the three nominees listed below as trustees. If any nominee at the time of election is unavailable to serve, it is intended that each of the persons named in the proxy will vote for an alternate nominee who will be nominated by our Corporate Governance and Nominating Committee and designated by the Board or the Board, on the recommendation of the Corporate Governance and Nominating Committee, may simply reduce the size of the Board and number of nominees. Proxies may be voted only for the nominees named or such alternates. We do not currently anticipate that any nominee for trustee will be unable to serve as trustee.

Under our Amended and Restated Bylaws (the Bylaws ), a plurality of all the votes cast at the Annual Meeting, if a quorum is present, is sufficient to elect a trustee. Under Maryland law, proxies marked withhold authority will be counted for the purpose of determining the presence of a quorum but will have no effect on the result of this vote. A broker non-vote will have no effect on the result of this vote.

**The Board of Trustees recommends that shareholders vote FOR approval of the election of each of the nominees listed below to serve as a trustee until the Annual Meeting of Shareholders in 2012 and until his respective successor has been duly elected and qualified.**





## 2009 PROXY STATEMENT VORNADO REALTY TRUST 3

The following table lists the nominees and the other present members of the Board. For each such person, the table lists the age, principal occupation, position presently held with the Company, if any, and the year in which the person first became or was nominated to become a member of our Board or a director of our predecessor, Vornado, Inc.

Name	Age	Principal Occupation and, if applicable, Present Position with the Company	Year Term Will Expire	Year First Appointed or Nominated as Trustee
<b>Nominees for Election to Serve as Trustees Until the Annual Meeting in 2012</b>				
Steven Roth <sup>(1)</sup>	67	Chairman of the Board and Chief Executive Officer of the Company; Managing General Partner of Interstate Properties	2012	1979
Michael D. Fascitelli <sup>(1)</sup>	52	President of the Company	2012	1996
Russell B. Wight, Jr. <sup>(1)(2)(3)(4)</sup>	69	A general partner of Interstate Properties	2012	1979
<b>Present Trustees Elected to Serve as Trustees Until the Annual Meeting in 2010</b>				
Candace K. Beinecke <sup>(2)(3)</sup>	62	Chair of Hughes Hubbard & Reed LLP	2010	2007
Robert P. Kogod	77	President of Charles E. Smith Management LLC	2010	2002
David Mandelbaum <sup>(2)(3)</sup>	73	A member of the law firm of Mandelbaum & Mandelbaum, P.C.; a general partner of Interstate Properties	2010	1979
Dr. Richard R. West <sup>(2)(5)(6)</sup>	71	Dean Emeritus, Leonard N. Stern School of Business, New York University	2010	1982
<b>Present Trustees Elected to Serve as Trustees Until the Annual Meeting in 2011</b>				
Anthony W. Deering <sup>(2)(5)</sup>	64	Chairman of Exeter Capital, LLC	2011	2005
Michael Lynne <sup>(2)(6)</sup>	67	Principal of Unique Features	2011	2005
Robert H. Smith <sup>(1)</sup>	80	Vice President, Secretary and Treasurer of Charles E. Smith Management LLC	2011	2002
Ronald G. Targan <sup>(2)(5)(6)</sup>	82	President of Malt Products Corporation	2011	1980

(1) Member of the Executive Committee of the Board.

(2) Independent pursuant to the rules of the New York Stock Exchange ( NYSE ) as determined by vote of the Board.

(3) *Member of the Corporate Governance and Nominating Committee of the Board.*

(4) *Lead Trustee.*

(5) *Member of the Audit Committee of the Board.*

(6) *Member of the Compensation Committee of the Board.*

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#### 4 VORNADO REALTY TRUST 2009 PROXY STATEMENT

### BIOGRAPHIES OF OUR TRUSTEES

Ms. Beinecke was appointed to our Board in September of 2007. Ms. Beinecke has served as Chair of Hughes Hubbard & Reed LLP, a New York law firm, since 1999. Ms. Beinecke is also a practicing partner in Hughes Hubbard's Corporate Department. Ms. Beinecke also serves as Chairperson of Arnhold & S. Bleichroeder Advisors LLC First Eagle Funds, Inc. (a U.S. public mutual fund family), and as a board member of ALSTOM (a public French transport and power company).

Mr. Deering is Chairman of Exeter Capital, LLC (a private investment firm). He previously served as Chairman of the Board and Chief Executive Officer of The Rouse Company (a public real estate company), until its merger with General Growth Properties in November 2004. Mr. Deering joined The Rouse Company in 1972 and was previously its Vice President and Treasurer, Senior Vice President and Chief Financial Officer, and President and Chief Operating Officer. Mr. Deering is also a director of a number of the T. Rowe Price Mutual Funds (investment management funds) and a director of Under Armour, Inc. (a sporting goods company).

Mr. Fascitelli has been our President and a trustee since December 1996. From December 1992 to December 1996, Mr. Fascitelli was a partner at Goldman, Sachs & Co. (an investment banking firm) in charge of its real estate practice and was a vice president prior thereto. He is also a director and the President of Alexander's, Inc. (Alexander's) (a real estate investment trust) and a director of Toys 'R Us, Inc. (a retailer).

Mr. Kogod was appointed a trustee on January 1, 2002, the date Charles E. Smith Commercial Realty L.P. merged into a subsidiary of the Company. Currently Mr. Kogod is the President of Charles E. Smith Management LLC (a private investment firm). Previously, Mr. Kogod was Co-Chief Executive Officer and Co-Chairman of the Board of Directors of Charles E. Smith Commercial Realty L.P., from October 1997 through December 2001, and was Co-Chief Executive Officer and Co-Chairman of the Board of Directors of Charles E. Smith Residential Realty from June 1994 to October 2001. Mr. Kogod also served as a trustee of Archstone-Smith Trust (a real estate investment trust) until it was sold in 2007.

Mr. Lynne has been a principal of Unique Features (a motion picture company) since its formation in 2008. Prior to that he was Co-Chairman and Co-Chief Executive Officer of New Line Cinema Corporation (a subsidiary of Time Warner, Inc. and a motion picture company) since 2001. Prior to 2001, Mr. Lynne served as President and Chief Operating Officer of New Line Cinema, starting in 1990.

Mr. Mandelbaum has been a member of the law firm of Mandelbaum & Mandelbaum, P.C. since 1967. Since 1968, he has been a general partner of Interstate Properties (an owner of shopping centers and investor in securities and partnerships, Interstate). Mr. Mandelbaum is also a director of Alexander's.

Mr. Roth has been the Chairman of our Board and Chief Executive Officer since May 1989 and Chairman of the Executive Committee of the Board since April 1980. Since 1968, he has been a general partner of Interstate and he currently serves as its Managing General Partner. He is the Chairman of the Board and Chief Executive Officer of Alexander's. Mr. Roth is also a director of Toys 'R Us, Inc.

Mr. Smith was appointed a trustee on January 1, 2002, the date Charles E. Smith Commercial Realty L.P. merged into a subsidiary of the Company. Currently, Mr. Smith is the Vice President, Secretary and Treasurer of Charles E. Smith Management LLC. Previously, Mr. Smith was Co-Chief Executive Officer and Co-Chairman of the Board of Directors of Charles E. Smith Commercial Realty L.P., from October 1997 until December 2001. Mr. Smith also

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served as Chairman of our Washington DC Office Division from 2001 until May 2008. Mr. Smith also served as a trustee of Archstone-Smith Trust until it was sold in 2007.

Mr. Targan has been the President of Malt Products Corporation of New Jersey (a producer of malt syrup) since 1962. From 1964 until July 2002, Mr. Targan was a member of the law firm of Schechner and Targan, P.A.

Dr. West is Dean Emeritus of the Leonard N. Stern School of Business at New York University. He was a professor there from September 1984 until September 1995 and Dean from September 1984 until August 1993. Prior thereto, Dr. West was Dean of the Amos Tuck School of Business Administration at Dartmouth College.

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Dr. West is also a director of Alexander's, Bowne & Co., Inc. (a commercial printing company) and a number of investment companies managed by BlackRock Advisors (an asset management firm).

Mr. Wight has been a general partner of Interstate since 1968. Mr. Wight is also a director of Alexander's.

### **RELATIONSHIPS AMONG OUR TRUSTEES**

Mr. Smith and Mr. Kogod are brothers-in-law. We are not aware of any other family relationships among any of our trustees or executive officers or persons nominated or chosen by us to become trustees or executive officers.

Messrs. Roth, Wight and Mandelbaum are each general partners of Interstate. Since 1992, Vornado has managed all the operations of Interstate for a fee as described in Certain Relationships and Related Transactions Transactions Involving Interstate Properties.

Messrs. Roth, Fascitelli, Wight, Mandelbaum and Dr. West are also directors of Alexander's. We, together with Interstate, beneficially own approximately 59% of the common stock of Alexander's.

For more information concerning Interstate, Alexander's and other relationships involving our trustees, see Certain Relationships and Related Transactions.

### **CORPORATE GOVERNANCE**

The Company or its predecessor has been continuously listed on the NYSE since January 1962 and is subject to the NYSE's Corporate Governance Standards.

The Board has determined that Ms. Beinecke and Messrs. Deering, Lynne, Mandelbaum, Targan, Wight and Dr. West are independent under the Corporate Governance Rules of the NYSE, making seven of our 11 trustees independent. The Board reached its conclusion after considering all applicable relationships between or among such trustees and the Company or management of the Company. These relationships are described in the sections of this proxy statement entitled Relationships Among Our Trustees and Certain Relationships and Related Transactions. Among other factors considered by the Board in making its determinations regarding independence was the Board's determination that these trustees met all of the bright-line requirements of the NYSE Corporate Governance Rules as well as the categorical standards adopted by the Board as contained in our Corporate Governance Guidelines.

As part of its commitment to good corporate governance, the Board of Trustees has adopted the following committee charters and policies:

- n Audit Committee Charter
- n Compensation Committee Charter
- n Corporate Governance and Nominating Committee Charter
- n Corporate Governance Guidelines (attached as Annex A)
- n Code of Business Conduct and Ethics

We have made available on our website ([www.vno.com](http://www.vno.com)) copies of these charters, guidelines and policies. We will post any future changes to these charters, guidelines and policies to our website and may not otherwise publicly file such changes. Our regular filings with the SEC and our trustees and executive officers filings under Section 16(a) of the Securities Exchange Act of 1934 are also available on our website. In addition, copies of these charters, guidelines and policies are available free of charge from the Company.

The Code of Business Conduct and Ethics applies to all of our trustees, executives and other employees.

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## 6 VORNADO REALTY TRUST 2009 PROXY STATEMENT

### COMMITTEES OF THE BOARD OF TRUSTEES

The Board has an Executive Committee, an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee. Other than the Executive Committee, each committee is comprised solely of independent trustees.

The Board held eight meetings during 2008. Each trustee attended at least 75% of the combined total of the meetings of the Board and all committees on which he or she served during 2008.

In addition to full meetings of the Board, non-management trustees met four times in sessions without members of management present. During these meetings, these trustees selected their own presiding member. We do not have a policy with regard to trustees' attendance at Annual Meetings of Shareholders. All of our trustees were present at the 2008 Annual Meeting of Shareholders.

#### *Executive Committee*

The Executive Committee possesses and may exercise certain powers of the Board in the management of the business and affairs of the Company. The Executive Committee consists of four members, Messrs. Roth, Fascitelli, Smith and Wight. Mr. Roth is the Chairman of the Executive Committee. The Executive Committee did not meet in 2008.

#### *Audit Committee*

The Audit Committee, which held eight meetings during 2008, consists of three members: Dr. West, as Chairman, and Messrs. Deering and Targan.

The Board has adopted a written Audit Committee Charter, which sets forth the membership requirements of the Audit Committee, among other matters. The Board has determined that all existing Audit Committee members meet the NYSE and SEC standards for independence and the NYSE standards for financial literacy. In addition, at all times, at least one member of the Audit Committee has met the NYSE standards for financial management expertise.

The Board has determined that each of Dr. West and Mr. Deering is an audit committee financial expert, as defined by SEC Regulation S-K, and thus has at least one such expert serving on its Audit Committee. The Board reached these conclusions based on the relevant experience of Dr. West and Mr. Deering, including as described above under Biographies of our Trustees.

The Audit Committee's purposes are to (i) assist the Board in its oversight of (a) the integrity of our financial statements, (b) our compliance with legal and regulatory requirements, (c) the independent registered public accounting firm's qualifications and independence, and (d) the performance of the independent registered public accounting firm and the Company's internal audit function; and (ii) prepare an Audit Committee report as required by the SEC for inclusion in our annual proxy statement. The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of our financial statements and for the effectiveness of internal control over financial reporting. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for planning and carrying out a proper audit of our annual financial statements, reviewing of our quarterly financial statements prior to the filing of each Quarterly Report on Form 10-Q, annually

auditing the effectiveness of internal control over financial reporting and other procedures. Persons interested in contacting our Audit Committee members with regard to accounting, auditing or financial concerns will find information on how to do so on our website ([www.vno.com](http://www.vno.com)).

*Compensation Committee*

The Compensation Committee is responsible for establishing the terms of the compensation of the executive officers and the granting and administration of awards under the Company's 2002 Omnibus Share Plan, as

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amended. The committee, which held six meetings and acted twice by written consent during 2008, consists of three members: Mr. Lynne, as Chairman, Mr. Targan and Dr. West. All members of the Compensation Committee are independent. Dr. West served as Chairman of this committee until our Annual Meeting of Shareholders on May 15, 2008. The Board has adopted a written Compensation Committee Charter.

Compensation decisions for our executive officers and trustees are made by the Compensation Committee. Decisions regarding compensation of other employees are made by our President in consultation with the Chief Executive Officer and are subject to review and approval of the Compensation Committee.

The agenda for meetings of the Compensation Committee is determined by its Chairman with the assistance of the Company's Secretary. Compensation Committee meetings are attended from time to time by members of management at the invitation of the Compensation Committee. The Compensation Committee's Chairman reports the committee's recommendation on executive compensation to the Board. The Compensation Committee has authority under its charter to retain, approve fees for and terminate advisors, consultants and agents as it deems necessary to assist in the fulfillment of its responsibilities. The Compensation Committee reviews the total fees paid by us to outside consultants to ensure that the consultant maintains its objectivity and independence when rendering advice to the committee.

The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In particular, the Compensation Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) Non-Employee Directors for the purposes of Rule 16b-3; and (ii) outside directors for the purposes of Section 162(m).

See "Compensation Discussion and Analysis" below for a discussion of the role of executive officers in determining or recommending compensation for our executive officers. We have also included under "Compensation Discussion and Analysis" a discussion of the role of compensation consultants in determining or recommending the amount or form of executive or director compensation.

#### *Corporate Governance and Nominating Committee*

During 2008, the members of the Corporate Governance and Nominating Committee consisted of Mr. Wight, as Chairman, and Messrs. Deering and Mandelbaum. On January 14, 2009, Mr. Deering resigned from the committee and was replaced by Ms. Beinecke, who was elected chairperson of the committee effective that date. Each of Messrs. Wight, Deering and Mandelbaum and Ms. Beinecke is independent. The committee's responsibilities include the selection of potential candidates for the Board and the development and review of our governance principles. It also reviews trustee compensation and benefits, and oversees annual self-evaluations of the Board and its committees. The committee also makes recommendations to the Board concerning the structure and membership of the other Board committees as well as management succession plans. The committee selects and evaluates candidates for the Board in accordance with the criteria set out in the Company's Corporate Governance Guidelines and pursuant to the Corporate Governance and Nominating Committee Charter. These criteria include, among others, personal qualities and characteristics, accomplishments and reputation in the business community; current knowledge and contacts in the communities in which we do business and in our industry or other industries relevant to our business; ability and willingness to commit adequate time to Board and committee matters; the fit of the individual's skills and personality with those of other trustees and potential trustees in building a Board that is effective, collegial and responsive to our needs, and diversity of viewpoints, experience and other demographics. The committee is then responsible for recommending to the Board a slate of candidates for trustee positions for the Board's approval. Generally, candidates for a position as a member of the Board are suggested by existing Board members, however, the Corporate

Governance and Nominating Committee will consider shareholder recommendations for candidates for the Board sent to the Corporate Governance and Nominating Committee, c/o Alan J. Rice, Secretary, Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019 and will evaluate any such recommendations using the criteria set forth in the Corporate Governance and Nominating Committee Charter. The Corporate Governance and Nominating Committee met twice in 2008.

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**8 VORNADO REALTY TRUST 2009 PROXY STATEMENT**

**LEAD TRUSTEE**

On February 19, 2009, our independent Trustees appointed Mr. Russell B. Wight, Jr. to serve as Lead Trustee for a one-year term. The responsibilities and duties of the Lead Trustee are described in our Corporate Governance Guidelines (a copy of which is attached to this Proxy Statement).

\* \* \* \* \*

Persons wishing to contact the independent members of the Board should call (866) 537-4644. A recording of each phone call to this number will be sent to one independent member of the Board who sits on the Audit Committee as well as to a member of management who may respond to any such call if the caller provides a return number. This means of contact should not be used for solicitations or communications with us of a general nature. Information on how to contact us generally is available on our website ([www.vno.com](http://www.vno.com)).

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**PRINCIPAL SECURITY HOLDERS**

The following table lists the number of Shares and Units as of March 13, 2009, beneficially owned by (i) each person who holds more than a 5% interest in the Company or our operating partnership, Vornado Realty L.P., a Delaware limited partnership (the Operating Partnership), (ii) trustees of the Company, (iii) the executive officers of the Company defined as Covered Executives in Executive Compensation below, and (iv) the trustees and all executive officers of the Company as a group. Unless otherwise specified, Units are Class A units of limited partnership interest of our Operating Partnership and other classes of units convertible into Class A units. The Company's ownership of Units is not reflected in the table but is described in footnote (2).

Name of Beneficial Owner	Address of Beneficial Owner	Number of Shares and Units Beneficially Owned <sup>(1)(2)</sup>	Percent of All Shares <sup>(1)(2)(3)</sup>	Percent of All Shares and Units <sup>(1)(2)(4)</sup>
<b>Named Executive Officers and Trustees</b>				
Steven Roth <sup>(5)(6)(7)(8)</sup>	(9)	11,044,603	6.86%	6.33%
David Mandelbaum <sup>(5)(8)</sup>	(9)	8,945,490	5.65%	5.20%
Russell B. Wight, Jr. <sup>(5)(8)(10)</sup>	(9)	6,668,546	4.21%	3.88%
Michael D. Fascitelli <sup>(7)(8)(11)</sup>	(9)	3,729,245	2.32%	2.14%
Robert P. Kogod <sup>(8)(12)(13)</sup>	(9)	2,013,240	1.26%	1.17%
Robert H. Smith <sup>(7)(8)(12)(14)</sup>	(9)	1,642,135	1.03%	*
Ronald G. Targan <sup>(8)</sup>	(9)	763,700	*	*
David R. Greenbaum <sup>(7)(8)(15)</sup>	(9)	614,498	*	*
Sandeep Mathrani <sup>(7)(8)</sup>	(9)	336,844	*	*
Joseph Macnow <sup>(7)(8)(16)</sup>	(9)	146,350	*	*
Richard R. West <sup>(8)(17)</sup>	(9)	28,244	*	*
Anthony W. Deering <sup>(8)</sup>	(9)	8,314	*	*
Michael Lynne <sup>(8)</sup>	(9)	3,162	*	*
Candace K. Beinecke <sup>(8)</sup>	(9)	2,964	*	*
All trustees and executive officers as a group (18 persons) <sup>(7)(8)</sup>	(9)	29,075,402	17.50%	16.35%
<b>Other Beneficial Owners</b>				
The Vanguard Group, Inc. <sup>(18)</sup>	100 Vanguard Blvd Malvern, PA 19355	10,253,491	6.48%	5.97%
Barclays Global Investors, N.A (and related entities) <sup>(19)</sup>	45 Fremont Street San Francisco, CA 94105	9,598,734	6.06%	5.58%
FMR LLC <sup>(20)</sup>	82 Devonshire Street Boston, MA 02109	8,689,461	5.49%	5.06%
Cohen & Steers Capital Management, Inc. <sup>(21)</sup>	757 Third Avenue New York, NY 10017	8,109,319	5.12%	4.72%

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State Street Bank and Trust Company <sup>(22)</sup>	One Lincoln Street Boston, MA 02111	7,981,175	5.04%	4.64%
Interstate Properties <sup>(5)</sup>	<sup>(9)</sup>	5,567,139	3.52%	3.24%

*\*Less than 1%.*

*(1) Unless otherwise indicated, each person is the direct owner of, and has sole voting power and sole investment power with respect to, such Shares and Units. Numbers and percentages in the table are based*

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10 VORNADO REALTY TRUST 2009 PROXY STATEMENT

*on 158,275,854 Shares and 13,595,696 Units (other than Units held by the Company) outstanding as of March 13, 2009.*

- (2) In April 1997, the Company transferred substantially all of its assets to the Operating Partnership. As a result, the Company conducts its business through, and substantially all of its interests in properties are held by, the Operating Partnership. The Company is the sole general partner of, and owned approximately 92% of the Units of, the Operating Partnership as of March 13, 2009. Generally, any time after one year from the date of issuance (or two years in the case of certain holders), holders of Units (other than the Company) have the right to have their Units redeemed in whole or in part by the Operating Partnership for cash equal to the fair market value, at the time of redemption, of one Share for each Unit redeemed or, at the option of the Company, cash or one Share for each Unit tendered, subject to customary anti-dilution provisions (the Unit Redemption Right). Holders of Units may be able to sell publicly Shares received upon the exercise of their Unit Redemption Right pursuant to registration rights agreements with the Company. The Company has filed registration statements with the SEC to register the issuance or resale of certain of the Shares issuable upon the exercise of the Unit Redemption Right.*
- (3) The total number of Shares outstanding used in calculating this percentage assumes that all Shares that each person has the right to acquire within 60 days of the record date (pursuant to the exercise of options or upon the redemption or conversion of other Company or Operating Partnership securities for or into Shares) are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person.*
- (4) The total number of Shares and Units outstanding used in calculating this percentage assumes that all Shares and Units that each person has the right to acquire within 60 days of the record date (pursuant to the exercise of options or upon the redemption or conversion of Company or Operating Partnership securities for or into Shares or Units) are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person.*
- (5) Interstate, a partnership of which Messrs. Roth, Wight and Mandelbaum are the three general partners, owns 5,567,139 Shares. These Shares are included in the total Shares and the percentage of class for each of them and for Interstate. Messrs. Roth, Wight and Mandelbaum share voting power and investment power with respect to these Shares. 1,000,000 of the Shares held by Interstate are pledged as security for loans from a third party.*
- (6) Includes 1,516,678 Shares held in a grantor trust and 7,726 Shares owned by the Daryl and Steven Roth Foundation, over which Mr. Roth holds sole voting power and sole investment power. Does not include 36,600 Shares owned by Mr. Roth's wife, as to which Mr. Roth disclaims any beneficial interest. Also includes shares issuable on the exercise of options that have been pledged by Mr. Roth to the Company as security for a loan granted by the Company as described below (which have a value at least twice that of the loan balance).*
- (7) The number of Shares beneficially owned by the following persons includes the number of Shares indicated due to the vesting of options: Steven Roth 2,563,462; Michael D. Fascitelli 2,441,233; Robert H. Smith 26,360; David R. Greenbaum 235,713; Sandeep Mathrani 304,676, Joseph Macnow 42,599; and all trustees and executive officers as a group 5,968,742.*
- (8) The number of Shares beneficially owned by the following persons includes the indicated number of shares of unvested restricted stock: Steven Roth 2,310; David Mandelbaum 123; Russell B. Wight, Jr. 123; Michael D. Fascitelli 1,850; Robert P. Kogod 123; Robert H. Smith 650; Ronald G. Targan 123; David R. Greenbaum 500; Sandeep Mathrani 6,125; Joseph Macnow 369; Richard R. West 123; Anthony W. Deering 123; Michael Lynne 123*

*and all trustees and executive officers as a group 13,989. The named persons may direct the voting of their unvested restricted Shares. The number of Shares and Units (but not the number of Shares alone) beneficially owned by the following persons also includes the number of vested OPP Units (as defined below) as indicated: Steven Roth 69,015; Michael D. Fascitelli 69,015; David R. Greenbaum 12,269; Sandeep Mathrani 18,404; Joseph Macnow 15,336; and all trustees and executive officers as a group 245,384. The number of Shares and Units (but not the number of Shares alone) beneficially owned by the following persons also includes the number of vested Restricted Units (as defined below) as indicated: Steven Roth 26,505; Michael D. Fascitelli 26,340; David R. Greenbaum 4,178; Sandeep Mathrani 2,329; Joseph Macnow 8,230; Anthony W. Deering 2,856; Michael Lynne 2,856; Candace K. Beinecke 2,804; and all trustees and executive officers as a group 100,557. The number of Shares or Units beneficially owned by the following persons does not include the number of unvested OPP Units as indicated: Steven Roth 271,947; Michael D. Fascitelli 271,947; David R. Greenbaum 75,413;*

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2009 PROXY STATEMENT VORNADO REALTY TRUST 11

*Sandeep Mathrani 77,295; Joseph Macnow 66,801; and all trustees and executive officers as a group 1,035,386. The number of Shares or Units beneficially owned by the following persons does not include the number of unvested Restricted Units as indicated: Steven Roth 115,103; David Mandelbaum 520; Russell B. Wight, Jr. 520; Michael D. Fascitelli 114,856; Robert H. Smith 309; Robert P. Kogod 520; Ronald G. Targan 520; David R. Greenbaum 31,586; Sandeep Mathrani 26,243; Joseph Macnow 32,396; Richard R. West 520; Anthony W. Deering 520; Michael Lynne 520; Candace K. Beinecke 309; and all trustees and executive officers as a group 429,165.*

- (9) The address of such person(s) is c/o Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019.*
- (10) Includes 19,113 Shares owned by the Wight Foundation, over which Mr. Wight holds sole voting power and sole investment power. Does not include 16,266 Shares owned by the spouse and children of Mr. Wight. Mr. Wight disclaims any beneficial interest in these Shares.*
- (11) The number of Shares beneficially owned by Mr. Fascitelli does not include 3,087 Shares owned by children of Mr. Fascitelli.*
- (12) Includes 35,333 Units as to which Mr. Kogod and Mr. Smith share investment power.*
- (13) Does not include 205,063 Shares and 148,899 Units owned by Mr. Kogod's wife. Mr. Kogod disclaims any beneficial interest in these Shares and Units. Includes 786,724 Units as to which Mr. Kogod shares investment power with his wife and/or children.*
- (14) Does not include 444,290 Units owned or controlled by Mr. Smith's wife (including 192,277 Units in a trust controlled by Mr. Smith's wife). Mr. Smith disclaims any beneficial interest in these Units. Includes 1,151,875 Units as to which Mr. Smith shares investment power with his wife.*
- (15) Includes 48,800 Units as to which Mr. Greenbaum shares investment power with his wife. Does not include 17,209 Units owned by his wife and 79,446 Units owned by his children in each case in which Mr. Greenbaum disclaims any beneficial interest.*
- (16) Mr. Macnow and his wife jointly own 78,636 of these Shares, 50,000 of which are pledged as security for loans from third parties.*
- (17) Dr. West and his wife own 3,053 of these Shares jointly. Also included are 1,410 Shares into which 1,000 Series A preferred shares of beneficial interest owned by Dr. West are convertible.*
- (18) According to an amendment to Schedule 13G filed on February 13, 2009, The Vanguard Group, Inc., either directly or through affiliates, beneficially owns and has dispositive power with respect to 10,253,491 Shares and its affiliate Vanguard Fiduciary Trust Company beneficially owns 165,317 Shares as investment manager of collective trust accounts and it directs the voting of those Shares.*
- (19) According to an amendment to Schedule 13G filed on February 5, 2009 Barclays Global Investors, N.A., Barclays Fund Advisors, Barclays Global Investors, Ltd., Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited and Barclays Global Investors (Deutschland) AG, as a group, control these Shares.*



(20) *Based on information contained in a Schedule 13G filed on February 17, 2009, FMR LLC ( FMR ) has reported that it beneficially owns the number of shares indicated in the table above. FMR 's wholly-owned subsidiary, Fidelity Management and Research Company ( Fidelity ) beneficially owns 8,034,519 Common Shares as a result of acting as investment adviser to various investment companies. Each of Edward C. Johnson 3d, Chairman of FMR, FMR and certain affiliated funds has sole power to dispose of the shares owned by Fidelity, but none of these entities has sole voting power with respect to these shares (which power rests with the Boards of Trustees of various Fidelity funds). Pyramis Global Advisors, LLC ( PGALLC ), an indirect wholly-owned subsidiary of FMR, is the beneficial owner of 76,459 Common Shares in its role as investment adviser. Mr. Johnson and FMR each has sole dispositive power and sole voting power over the 76,459 Common Shares owned by the accounts managed by PGALLC. Pyramis Global Advisors Trust Company ( PGATC ), an indirect wholly-owned subsidiary of FMR, is the beneficial owner of 439,768 Common Shares in its role as investment manager. Mr. Johnson and FMR each has sole dispositive power over 439,768 Common Shares and sole voting power over 424,503 Common Shares owned by the accounts managed by PGATC. Fidelity International Limited, a related investment adviser, beneficially owns 137,900 Common Shares. FMR also beneficially owns 815 Common Shares in its role as*

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**12 VORNADO REALTY TRUST 2009 PROXY STATEMENT**

*an investment adviser to individuals. Amounts include Shares deemed to be held upon conversion or exchange of convertible or exchangeable securities.*

- (21) *According to an amendment to Schedule 13G filed on February 17, 2009, Cohen & Steers, Inc. and Cohen & Steers Capital Management, Inc. beneficially own and have sole dispositive power with respect to 8,109,319 Shares and have sole voting power over 7,275,100 and 7,225,816 Shares, respectively. Cohen & Steers Europe S.A. reports sole voting power over 19,284 Shares and sole dispositive power with respect to 29,154 Shares.*
- (22) *According to a Schedule 13G filed on February 13, 2009, State Street Bank and Trust Company, acting in various fiduciary capacities, has sole voting power and shared dispositive power with respect to these Shares.*

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our trustees and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership of, and transactions in, certain classes of our equity securities with the SEC. Such trustees, executive officers and 10% shareholders are also required to furnish us with copies of all Section 16(a) reports they file.

Based solely on a review of the Forms 3, 4 and 5, and any amendments thereto, furnished to us, and on written representations from certain reporting persons, we believe that the only filing deficiencies under Section 16(a) by our trustees, executive officers and 10% shareholders in the year ended December 31, 2008 (or in 2009, prior to the mailing of this proxy statement) are as follows:

- (a) one late filing by Russell B. Wight, Jr, a trustee, with respect to a transaction reported on a Form 5;
  - (b) two late filings by Robert P. Kogod, a trustee, with respect to distribution and unit redemption transactions reported on Form 4;
  - (c) one late filing by Joseph Macnow, an executive officer, with respect to the purchase of preferred shares reported on a Form 4;
  - (d) one late filing by Wendy Silverstein, an executive officer, with respect to a transaction reported on Form 4;
  - (e) two late filings by Dr. Richard R. West, a trustee, with respect to the purchase of preferred shares reported on Form 4; and
  - (f) one late filing by Mitchell N. Schear, an executive officer, with respect to a transaction reported on a Form 5.
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## COMPENSATION DISCUSSION AND ANALYSIS

### Overview of Compensation Philosophy and Program

We believe that the quality, skills and dedication of our senior executive officers are critical factors affecting the long-term value of our company. Our key compensation goals are to attract world-class executive talent; retain our key leaders; reward past performance; provide an incentive for future performance; and align our executives' long-term interests with those of our investors. We use a variety of compensation elements to achieve these goals, including base salary, annual bonuses, options, Restricted Shares, Restricted Units and out-performance units, all of which we discuss in detail below.

### Compensation Reductions in Response to Current Economic Conditions

In light of the current uncertain economic conditions, we determined to decrease the compensation levels of our executive officers and other officers throughout the Company. This process was undertaken in connection with our annual compensation review completed in the first quarter of 2009. This decision was made despite our reporting strong results in our core operations for 2008 (as reported in our Annual Report on Form 10-K for the year ended December 31, 2008, our same-store EBITDA for our New York Office, Washington, DC Office and Retail divisions increased by 6.2%, 4.5% and 4.8%, respectively, over the prior year). In the aggregate, we reduced by 29% the salary, bonuses and annual equity compensation of our executive officers, with total compensation being reduced in a range of 16% to 52% for the individual executives. For other employees of the Company, the aggregate salaries and bonuses did not increase and the value of annual equity grants decreased by 19%. Additionally, OPP Units were granted to members of management in 2008 and not in 2009.

The compensation reductions discussed above are not reflected in the Summary Compensation Table below for three reasons: (1) the reductions pertain to awards granted in 2009 (for 2008 performance) and were not recorded in the periods presented; (2) the Summary Compensation Table reflects the accounting costs associated with amortizing equity grants made in multiple years (from 2003 to 2008) over the applicable vesting period while our discussion of compensation reductions pertains to a single year's compensation decisions; and (3) the Summary Compensation Table reflects the accounting cost (which we refer to as Fair Value) of Restricted Units is based on a valuation formula determined by a third-party valuation firm that changes from year to year while our Compensation Committee grants Restricted Units based on the market price of our Shares on the date of grant (which we refer to as Market Value) which was the method used in the discussion above.

Additionally, we have excluded the impact of OPP Unit awards from this Compensation Discussion and Analysis in comparing aggregate 2008 salary, bonus and annual equity compensation to the comparable amount for 2007 because, while OPP Units were awarded in 2008 (for 2007 performance), there were no comparable awards made in 2009 (for 2008 performance).

### *Surrender of Equity Awards*

In the first quarter of 2009 each of our nine most senior executive officers voluntarily surrendered all grants to them during 2007 and 2008 of options and of 2008 OPP Units, as defined below (without any consideration or agreement for consideration in the future). The voluntary surrender of these awards resulted in an approximate \$32.6 million expense to the Company in the first quarter of 2009 due to the acceleration of the unamortized expense associated with the granting of these awards.

### **Implementing Our Objectives**

Our decisions on senior executive officer compensation are based primarily upon our assessment of each executive's leadership, operational performance and potential to enhance long-term shareholder value. We rely upon our judgment about each individual and not on rigid formulas or short-term changes in business performance in determining the amount and mix of compensation elements. Key factors affecting our judgment include: actual performance compared to the financial, operational and strategic goals established for the executive's operating division at the beginning of the year; the nature, scope and level of responsibilities; the contribution to the Company's financial results, particularly with respect to key metrics such as earnings before

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## 14 VORNADO REALTY TRUST 2009 PROXY STATEMENT

interest, taxes, depreciation and amortization ( EBITDA ), funds from operations ( FFO ) and total return to shareholders during the year; and the contribution to the Company's commitment to corporate responsibility, including success in creating a culture of unyielding integrity and compliance with applicable laws and our ethics policies. We also consider each executive's current salary and prior-year bonus, the value of an executive's equity stake in the Company, and the appropriate balance between incentives for long-term and short-term performance and the compensation paid to the executive's peers within the Company. We also consider competitive market compensation paid by other companies that operate in our business or that compete for the same talent pool, such as other S&P 500 REITS, other real estate companies operating in our core markets and, in some cases, investment banking, hedge fund and private equity firms. However, we do not tie our compensation decisions to any particular range or level of total compensation paid to executives at these companies. In addition, while we encourage alignment with shareholders interests through long-term, equity-based compensation, we have no pre-established target for the allocation of compensation between cash and non-cash or short-term and long-term incentive elements. We apportion cash payments and equity incentive awards as another tool to provide the appropriate incentives to meet our compensation objectives both individually and in the aggregate for executives and other employees. The factors we consider in evaluating compensation for any particular year may not be applicable to determinations in other years. In addition, typically, our Chief Executive Officer and President receive a higher proportion of their compensation in the form of equity than our other senior executives. This allocation is based on (1) the relative seniority of these executives; and (2) a determination that these executives should have a greater proportion of their compensation in a form that aligns further their interests with those of shareholders. We believe the most important indicator of whether our compensation objectives are being met is whether we have motivated our named executives to deliver superior performance and retained them to continue their careers with us on a cost-effective basis.

### *Role of the Corporate Governance and Nominating Committee, the Compensation Committee, the CEO and the President*

The Corporate Governance and Nominating Committee of our Board is responsible for evaluating potential candidates for executive positions, including the Chief Executive Officer, and for overseeing the development of executive succession plans. The Compensation Committee of our Board (1) reviews and approves the compensation of our officers and other employees whose total cash compensation exceeds \$200,000 per year, (2) administers our incentive compensation and other equity-based plans, and (3) regularly evaluates the effectiveness of our overall executive compensation program.

As part of this responsibility, the Compensation Committee oversees the design, development and implementation of the compensation program for our Chief Executive Officer, our President and our other named executives. The Compensation Committee evaluates the performance of our Chief Executive Officer and our President and sets their compensation. Our Chief Executive Officer, our President and the Compensation Committee together assess the performance of our named executives and determine their compensation, based on the initial recommendations of our Chief Executive Officer and our President. The other named executives do not play a role in determining their own compensation, other than discussing individual performance objectives with our Chief Executive Officer and our President.

In support of these responsibilities, members of our senior management in conjunction with other senior executives, have the initial responsibility of reviewing the performance of the employees reporting to him or her and recommending compensation actions for them.

This process involves multiple meetings among our Chief Executive Officer, our President and our Compensation Committee. Typically, in the third and fourth quarter of each year, these parties meet to discuss and establish an

overall level of compensation for the year and the base compensation for the following year. For 2008, as has been our normal practice, our President obtained individual recommendations from division heads as to compensation levels for those persons reporting to the division heads. These recommendations are discussed among our President and the division heads prior to a recommendation being presented to the Compensation Committee. For our senior executives other than the Chief Executive Officer and President, recommendations are prepared based upon discussions among the Compensation Committee, our Chief Executive Officer and our President. These recommendations are based upon our objectives described above and may include factors such as information obtained from compensation consultants. Our Chief Executive Officer and President discuss these

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recommendations with our other senior executives in one-on-one meetings. After these discussions, certain allocations or other aspects of compensation may be revised to some degree and the revised recommendations are presented to the Compensation Committee for discussion and review and, ultimately, through a continued process, approval. The compensation of our Chief Executive Officer and President is determined in accordance with a similar process involving direct discussions among the Compensation Committee and our Chief Executive Officer and President. Historically, except for OPP awards, specific performance targets are not used in determining compensation.

#### *Role of Compensation Consultants*

We and the Compensation Committee also consult with one or more executive compensation experts, from time to time, and consider the compensation levels of companies within our industry and other industries that compete for the same talent. Periodically, we have retained compensation consultants to assist in the design of programs that affect senior executive compensation, most recently in the development of our out-performance plan (described below). Currently, the Compensation Committee has retained Watson Wyatt & Company to provide assistance in reviewing our overall compensation plan, its objectives and implementation. In 2008, Watson Wyatt was directed to review our overall compensation process and comparative compensation levels for senior executive officers. Watson Wyatt prepared an analysis of compensation levels at the following companies that it determined to be comparable: BlackRock, Inc.; Boston Properties, Inc.; CB Richard Ellis Group, Inc.; Equity Residential; Franklin Resources, Inc.; Host Hotels & Resorts, Inc.; Jefferies Group, Inc.; Jones Lang LaSalle Incorporated; Lazard Ltd.; Legg Mason, Inc.; ProLogis; Simon Property Group, Inc.; and SL Green Realty Corp. The consensus of the Compensation Committee was that the analyses were useful in indicating that our compensation levels were not out-of-line with these other companies.

#### **Compensation Elements for Senior Executive Officers**

The elements of our executive compensation program are set forth below. The factors we consider in making compensation awards for our senior executive officers are set forth above and are based upon a subjective, non-formulaic evaluation of senior executive and Company performance conducted by the Compensation Committee together with our Chief Executive Officer and President, which we discuss below. These factors are considered as a whole and no one factor is determinative of an executive's compensation. Among the factors considered were the changes in the Company's and the applicable division's operating and performing metrics during the year (EBITDA and FFO), our total return to shareholders during the year, asset and personnel development and the other factors previously mentioned. Decreases and allocations for 2008 and increases and allocations for 2007 and 2006 of various compensation elements to our named executive officers were based upon the results of these reviews. In several cases, as described below, some aspects of the compensation paid to our executives are affected by the terms of applicable employment agreements. In such cases, for instance, base salaries cannot be decreased during the employment term.

#### *Base Salary*

Base salaries for our executives are established based on the scope of their responsibilities, taking into account competitive market compensation paid by other companies for similar positions as well as salaries paid to the executives' peers within the Company. We set base salaries at a level designed to attract and retain superior leaders. Base salaries are typically reviewed every 12 months in the first quarter of each year in connection with annual performance reviews, and adjusted to take into account outstanding individual performance, promotions and competitive compensation levels. There were no increases in senior executive base salaries for 2009 over that of 2008.

#### *Annual Bonus*

We pay annual bonuses as a component of overall compensation as well as to provide an incentive and a reward for superior performance. From time to time, we may pay additional special bonuses for superior performance. None of our current bonuses are (and only in rare cases are any) bonuses based on specific performance targets. Bonuses are paid in cash and/or in equity interests, generally in the first quarter of each year for the prior year's performance. These bonuses are based upon our evaluation of each executive's individual performance

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**16 VORNADO REALTY TRUST 2009 PROXY STATEMENT**

during the prior year in the context of our assessment of the overall performance of the Company and the executive's business unit or function in meeting the budgeted financial and other goals established for the Company and the executive's business unit or function. For our senior executives, the annual bonuses paid to them in 2009 (for 2008 performance) were, in the case of our Chief Executive Officer and President, all in the form of Restricted Units and for the remainder of our senior executive officers 50% in Restricted Units and 50% in cash. As described below, we believe Restricted Units to be a tax-efficient form of compensation that continues to align the executive's interests with those of our shareholders, and enhances retention through vesting conditions. Special bonuses are generally awarded in recognition of outstanding achievement with regard to specific events based upon an after-the-fact subjective evaluation of factors then deemed important by our Chief Executive Officer, President and Compensation Committee.

*Options, Restricted Shares and Restricted Units*

Also, generally in the first quarter of each year in connection with annual performance reviews, we make grants to the Company's officers, including our senior executive officers of: options to purchase our common shares, Restricted Shares, and/or Restricted Units. The portion of overall compensation, if any, allocated each year among these types of grants is determined by the Compensation Committee, in conjunction with our Chief Executive Officer and our President, taking into account our overall compensation objectives. These grants are intended to serve as incentives for our superior performers to remain with us and continue that performance. Generally, unvested equity grants are forfeited if the executive leaves the Company, however, options fully vest if an executive departs the Company after the age of 65 or his or her employment is terminated due to a disability prior to retirement and all equity awards automatically vest on death or upon a change of control. All equity grants are accounted for in accordance with Statement of Financial Accounting Standards 123R-*Share Based Payment* ( SFAS 123R ).

Upon vesting, each option permits the executive, for a period of ten years from the original grant date, to purchase the stated number of common shares from the Company at an exercise price per share determined on the date of grant. Options have value only to the extent the price of our shares on the date of exercise exceeds the applicable exercise price. Options generally become exercisable in five equal annual installments beginning approximately one year after the grant date.

Restricted Shares are grants of our common shares that generally vest in five equal annual installments beginning approximately one year after the grant date. Restricted Units are grants of limited partnership interests in Vornado Realty L.P., our operating partnership through which we conduct substantially all of our business. These units also generally vest in five equal annual installments beginning approximately one year after the grant date and are exchangeable on a one-for-one basis into Vornado Realty L.P.'s Class A common units, and then for our common shares, in certain circumstances. Restricted Units are intended to also provide recipients with better income tax attributes than Restricted Shares. During the restricted period, each Restricted Share or Restricted Unit entitles the recipient to receive payments from the Company equal to the dividends on one Share.

*Out-Performance Units*

A principal component of our long-term equity incentives has been our out-performance plans. In 2006 and again in 2008, our Compensation Committee approved the adoption of an out-performance plan. These plans are designed to provide compensation in a pay for performance structure. Awards under our out-performance plans are a class of units (collectively referred to as OPP Units) of the Company's operating partnership, Vornado Realty L.P., issued under our 2002 Omnibus Share Plan, as amended. If the specific performance objectives of these out-performance plans are achieved as determined by our Compensation Committee, the OPP Units become convertible into Class A common units of Vornado Realty L.P. (and ultimately into our Shares) following vesting, and their value fluctuates with

changes in the value of our Shares. If the performance objectives are not met, the OPP Units are cancelled. Generally, unvested OPP Units are forfeited if the executive leaves the Company, except that OPP Units vest automatically on death or upon a change of control. OPP Units are intended to also provide recipients with better income tax attributes than grants of options. All grants under our OPP Plans are accounted for in accordance with SFAS 123R.

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The out-performance plan approved in 2006 (the 2006 OPP Plan ) was adopted as part of our regular annual evaluation of executive performance and compensation for 2005 performance. Under the 2006 OPP Plan, the Company's senior management and approximately 45 of our other officers received the opportunity to share in a performance pool if our total return to shareholders for the three-year period from March 15, 2006 to March 14, 2009 were to exceed a cumulative 30%, including both share appreciation and dividends paid. These performance targets were fully achieved as of January 12, 2007 in accordance with the 2008 OPP Plan provisions. The size of the pool was 10% of the out-performance return amount in excess of the 30% benchmark, subject to a maximum aggregate award equal to \$100 million. Once the performance targets were met, the receipt of the applicable awards became subject only to time-based vesting. However, the value of these awards fluctuates with changes in the value of our Shares. Compensation earned under the program vests 33 1/3% on each of March 14, 2009, 2010 and 2011. The grants under the 2006 OPP Plan were not a factor in determining compensation earned for 2008. We refer to grants under the 2006 OPP Plan as 2006 OPP Units.

The Compensation Committee approved a new \$75 million out-performance plan in March of 2008 (the 2008 OPP Plan ) that requires achievement against both absolute and relative thresholds. The 2008 OPP Plan established a potential performance pool in which our senior management (and approximately 70 of our other officers) has the opportunity to share in that performance pool's value if the total return to our shareholders ( TRS ), resulting from both share appreciation and dividends, for the four-year period from March 31, 2008 to March 31, 2012 exceeds the absolute and/or relative hurdles described below. We established \$86.20 per Share as the initial value from which to determine TRS. In the first quarter of 2009, each of our executive officers (the nine most senior executives) surrendered all grants to them of 2008 OPP Units (without any consideration or agreement for consideration in the future).

- n Absolute Component: 40% cumulative TRS over the four-year period, or 10% simple return per annum over that period (the Absolute Threshold ).
- n Relative Component: In addition to the Absolute Threshold, the value of grants under the 2008 OPP Plan (the 2008 OPP Units ) increases to the extent the TRS exceeds the total return for the four-year measurement period achieved by the SNL Equity REIT Index and decreases (to potentially no value) if the TRS is less than the total return for the SNL Equity REIT Index for that measurement period (the Relative Threshold ). Furthermore, if the TRS for the measurement period does not exceed the Absolute Threshold but does exceed the Relative Threshold, any value of the 2008 OPP Plan is reduced proportionately so that at a 10% annual TRS to the Company shareholders (the full Absolute Threshold) the participants would be entitled to 100% of the value earned under the 2008 OPP Plan and at a 7% annual TRS to the Company shareholders, the 2008 OPP Plan would have no value.

If achieved, the size of the outperformance pool for the 2008 OPP Plan will be 6% of the aggregate out-performance return subject to a maximum total award of approximately \$75 million (the Maximum Award ). The out-performance return is comprised of (i) 3% of the total dollar value of the Company's TRS in excess of that calculated using the Absolute Threshold plus (ii) 3% of the total dollar value of the Company's TRS in excess of that calculated using the Relative Threshold over the four-year performance period. In the event that the Relative Component creates a negative award because the Company underperformed the SNL Equity REIT Index, the value of any out-performance award potentially earned under the Absolute Component will be reduced dollar for dollar. The size of this out-performance pool, if any, will be determined based on the highest 30-day trailing average price of our Shares during the final 150 days of the four-year period.

The 2008 OPP Plan also provides for two interim measurement periods (the Interim Periods ) in addition to the four-year aggregate period: (a) one for a period consisting of the first two years of the plan and (b) one for a period consisting of the second two years of the plan. For each Interim Period, participants may be entitled to share in up to 40% (\$30,000,000) of the total possible performance pool if the performance thresholds have been met on a prorated basis based on performance over the applicable two-year period. If the performance hurdles are not met for the first Interim Period, participants will still be able to earn awards for (a) the second Interim Period based upon a TRS achieved based on the market price of our Shares at the beginning of the second Interim Period (but which comparison price will not be less than the price used at the start of the 2008 OPP Plan less aggregate dividends paid to that date from the start of the plan) or (b) for the cumulative four-year period if the four-year TRS performance hurdles are met. In no event will the aggregate awards exceed the Maximum

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## 18 VORNADO REALTY TRUST 2009 PROXY STATEMENT

Award. The size of any out-performance pool for an Interim Period will be determined based on the highest 30-day trailing average price of our Shares during the final 120 days of the applicable Interim Period.

Compensation earned under the 2008 OPP Plan (including any awards earned for the Interim Periods), will vest 50% on March 31, 2012 and 50% on March 31, 2013. Individual awards were made in the form of OPP Units. During the course of the performance period, participants are entitled to 10% of any regular quarterly dividends paid on a Share for every 2008 OPP Unit granted, regardless of whether such unit is ultimately earned. The actual number of 2008 OPP Units issued is subject to the determination of the performance pool referred to above and Compensation Committee approval.

### *Nonqualified Deferred Compensation Plans*

We maintain two nonqualified deferred compensation plans, the Vornado Realty Trust Nonqualified Deferred Compensation Plan ( Plan I ) and the Vornado Realty Trust Nonqualified Deferred Compensation Plan II ( Plan II ; collectively, the Plans ). Plan I and Plan II are substantially similar, except that Plan II, which applies to deferrals on and after January 1, 2005, is designed to comply with the deferred compensation restrictions of Section 409A of the Internal Revenue Code of 1986, as amended.

Employees having annual compensation of at least \$200,000 are eligible to participate in Plan II, provided that they qualify as accredited investors under securities laws. Members of our Board of Trustees are also eligible to participate. To participate, an eligible individual must make an irrevocable election to defer at least \$20,000 of his or her compensation per year. Participant deferrals are always fully vested. The Company is permitted to make discretionary credits to the Plans on behalf of participants, but as yet has not done so. Deferrals are credited with earnings based on the rate of return of specific security investments or various benchmark funds selected by the individual, some of which are based on the performance of the Company's securities.

Participants may elect to have their deferrals credited to a Retirement Account or a Fixed Date Account. Retirement Accounts are generally payable following retirement or termination of employment. Fixed Date Accounts are generally payable at a time selected by the participant, which is at least two full calendar years after the year for which deferrals are made. Participants may elect to receive distributions as a lump sum or in the form of annual installments over no more than ten years. In the event of a change in control of the Company, all Accounts become immediately payable in a lump sum. Plan I also permits a participant to withdraw all or a portion of his or her Accounts at any time, subject to a 10% withdrawal penalty.

### *Retirement and 401(k) Plans*

Our defined benefit retirement plan was frozen for new participants and benefits in 1997 and was terminated in 2008. Of the named executives, only Messrs. Roth, Fascitelli and Macnow were participants. The amounts payable to these persons is set forth below under Employee Retirement Plan. We offer a 401(k) Retirement Plan to all of our employees for whom we provide matching contributions (up to 75% of the statutory maximum but not more than 7.5% of cash compensation) which vest over five years. We do not have any other retirement plan. These plans are not a factor in our current compensation determinations.

### *Perquisites and Other Compensation*

We provide our senior executive officers with perquisites that we believe are reasonable, competitive and consistent with our overall executive compensation program. These perquisites may include: use of a Company car and a driver;

financial counseling and tax preparation services; and supplemental life insurance. The costs of these benefits constitute a small percentage of any applicable executive's overall compensation.

**Basis for Chief Executive Officer Compensation**

*Cash compensation*

Mr. Roth's base salary of \$1,000,000 was established in March 2001 and has remained unchanged since then. Mr. Roth's bonuses for 2008, 2007 and 2006 (granted in 2009, 2008 and 2007, respectively) were principally in

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the form of equity. His total cash compensation for 2008, 2007 and 2006 was \$1,003,800, \$1,009,500 and \$1,000,000, respectively.

#### *Equity compensation*

Mr. Roth's bonus (granted in 2009) for 2008 performance was \$1,000,000 (at Market Value) in Restricted Units as opposed to \$1,500,000 (at Market Value) in Restricted Units in 2007, a 33% reduction. Using Fair Value, Mr. Roth's bonus (granted in 2009) for 2008 performance was \$928,000 in Restricted Units as opposed to a \$1,078,300 grant of Restricted Units in 2008, a 14% reduction from that granted in 2008 for 2007 performance. In 2007, Mr. Roth was granted a bonus (for 2006 performance) of \$1,078,300 (at Fair Value) in Restricted Units.

For 2008, Mr. Roth was also granted (in 2009) long-term equity incentive compensation of 45,000 Restricted Units (having a Market Value of \$1,521,500 and a Fair Value of \$1,412,000) and an option to acquire 300,000 Shares with an exercise price of \$33.815 per share. The aggregate value at the date of grant of these awards of Restricted Units and options is \$3,114,000 (at Market Value) and \$3,004,500 (at Fair Value) and represents a 31% and 33% reduction for the aggregate value of non-bonus grants of Restricted Units and options made in 2008. In 2008, Mr. Roth was also granted an award of OPP Units which were not granted in 2009. For 2007 performance, Mr. Roth was granted (in 2008): (a) 143,294 OPP Units; and (b) a 10-year option to acquire 700,000 Shares at an exercise price of \$103.00 per share. For 2006 performance, Mr. Roth was granted (in 2007) (1) an award of \$1,925,500 in the form of Restricted Units (at Fair Value) and (2) a 10-year option to acquire 89,732 Shares at an exercise price of \$121.58 per share.

Mr. Roth's salary, bonus and equity awards were based on an evaluation of those factors previously described and were approved by the Compensation Committee. Among the factors considered were the strategic position of the Company, the changes in the Company's operating and performing metrics during the year (EBITDA and FFO), our total return to shareholders during the year and the other factors previously mentioned. These factors were considered as a whole and no numerical weight was attributed to any particular factor. The majority of Mr. Roth's compensation is in the form of equity to further align his interests with those of our shareholders.

We believe that Mr. Roth's cash and equity compensation in and for 2008 appropriately reflect his and the Company's performance, measured both objectively and subjectively, the Company's strategic growth position at the time such compensation was determined and the current economic environment.

#### **Basis for Compensation of Other Named Executives**

For our other named executive officers (Messrs. Fascitelli, Greenbaum, Macnow and Mathrani), such executive's salary, bonus and other equity awards were based on an evaluation of those factors previously described and were approved by the Compensation Committee. Among the factors considered were the strategic position of the Company, the changes in the Company's operating and performing metrics during the year (EBITDA and FFO), our total return to shareholders during the year and the other factors previously mentioned. With regard to Messrs. Fascitelli and Macnow (our President and Chief Financial Officer, respectively), we considered these factors as they apply to our Company as a whole as their responsibilities are company-wide. For Mr. Fascitelli as our President, we determined that the majority of his compensation should be in the form of equity to further align his interests with those of our shareholders. For Messrs. Greenbaum and Mathrani, we also considered these factors as they pertain to the applicable operating division of which such executive is the head. Mr. Greenbaum is the President of our New York Office Division, and Mr. Mathrani is our Executive Vice President Retail. In all cases, these factors were considered as a whole and no numerical weight was attributed to any particular factor. In the aggregate, salary and bonuses awarded to these named executive officers in 2009 (for 2008 performance) decreased from that granted in 2008 by 17% (valuing

Restricted Units at Market Value) and 10% (valuing Restricted Units at Fair Value). In addition, the value of other recurring equity awards granted in 2009 as compared to that granted in 2008 decreased by 48% (valuing Restricted Units at Market Value) and 49% (valuing Restricted Units at Fair Value).

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20 VORNADO REALTY TRUST 2009 PROXY STATEMENT

**Other Compensation Policies and Practices**

*Equity Grant Practices*

All equity-based compensation awards are made under our 2002 Omnibus Share Plan, as amended, which our shareholders approved in 2002 and as amended in 2006. This plan limits total shares that may be issued pursuant to awards to 10,000,000 of our common shares. The exercise price of each stock option awarded to our senior executives must be no less than the average of the high and low price of our Shares on the New York Stock Exchange on the date granted by the Compensation Committee. The vast majority of our equity awards are determined and granted in the first quarter of each year, at the same time as management and the Compensation Committee conclude their evaluation of the performance of our senior executives as a group and each executive individually. In addition and from time to time, additional equity awards may be granted in connection with new hires or promotions. We have never repriced options.

*Share Ownership Guidelines*

As our senior executives generally have significant personal investments in our equity securities, we have not established any policy regarding security ownership by management.

In accordance with Federal securities laws, we prohibit short sales by our executive officers of our equity securities.

*Employment, Severance and Change of Control Agreements*

We do, from time to time, enter into employment agreements with some of our senior executive officers, which we negotiate on a case-by-case basis in connection with a new employment arrangement or a new agreement governing an existing employment arrangement. Otherwise, our senior executives and other employees serve at will. Except as may be provided in these employment agreements or pursuant to our compensation plans generally, we have not entered into any separate severance or change of control agreements. For those of our senior executives who have employment agreements, these agreements generally provide for a severance payment (for termination by us without cause or by the executive with good reason (each as defined in the applicable employment agreement and further described below under *Employment Contracts* )) and change of control payment (if employment is terminated following a change of control) in the range of one to three times the applicable executive's annual salary and bonus. In addition, the agreements evidencing awards under the Company's 2002 Omnibus Share Plan, as amended, generally provide that equity grants will vest automatically on a change of control. These change of control arrangements are designed to compensate management in the event of a fundamental change in the Company, their employer, and to provide an incentive to these executives to continue with the Company at least through such time. Severance and change of control arrangements do not generally affect other compensation arrangements for a particular period. A more complete description of employment agreements, severance and change of control arrangements pertaining to named executives and officers is set forth under *Employment Contracts* and *Severance and Change of Control Arrangements*.

*Tax Deductibility of Compensation*

The tax efficiency of compensation is one of many factors that enter into the design of our compensation programs. We look at a combination of the rates at which our executives will be taxed and the value of any deduction that we may be entitled to when developing our approach to compensation. We believe that the limitation of Section 162(m)

of the Internal Revenue Code (which limits the corporate tax deduction for certain executive officer compensation that exceeds \$1 million a year) does not apply to most of the compensation we paid to our Covered Executives for 2008 and only a small portion of their compensation may not be deductible due to that limitation.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Company has reviewed and discussed the Compensation Committee Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Proxy Statement and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

The Compensation Committee of the  
Board of Trustees:

MICHAEL LYNNE  
RONALD G. TARGAN  
DR. RICHARD R. WEST

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## 22 VORNADO REALTY TRUST 2009 PROXY STATEMENT

**EXECUTIVE COMPENSATION**

The following table sets forth the compensation earned by each of the Company's Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers for 2008, 2007 and 2006 (the "Covered Executives"). The information below does not reflect the recent reductions in compensation described in Compensation Discussion and Analysis "Compensation Reductions in Response to Current Economic Conditions" because the reductions pertain to grants in 2009 (for 2008 performance) and were not recorded for the periods presented below.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Cash Bonus (\$) <sup>(1)</sup>	Restricted Share/Unit Awards (\$) <sup>(2)</sup>	Non-qualified Deferred Compensation Earnings (\$) <sup>(3)</sup>		All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
					Equity Incentive Plan Awards (\$) <sup>(2)</sup>	Non-qualified Deferred Compensation Earnings (\$)		
Steven Roth Chairman and Chief Executive Officer Principal Executive Officer)	2008	1,000,000	3,800	5,802,699	1,204,439	134,015	274,484	8,419,437
	2007	1,000,000	9,500	5,330,804	321,033	40,749	263,984	6,966,070
	2006	1,000,000		3,111,767	125,202	38,653	240,032	4,515,654
Michael D. Mascitelli President	2008	1,000,000	3,800	5,702,324	1,000,660	2,694	262,575	7,972,053
	2007	1,000,000	9,500	5,179,786	287,769	454	258,186	6,735,695
	2006	1,000,000		2,974,507	100,270	357	219,007	4,294,141
David R. Greenbaum President New York Office Division	2008	1,000,000	503,800	1,276,411	463,038		245,854	3,489,103
	2007	1,000,000	759,500	909,728	68,766		225,375	2,963,369
	2006	1,000,000	500,000	516,700	27,100		229,904	2,273,704
Joseph Macnow Executive Vice President Finance and	2008	1,000,000	403,800	1,524,670	166,484	61,817	311,203	3,467,974
	2007	1,000,000	309,500	1,276,491	61,666	20,739	241,723	2,910,119
	2006	1,000,000	250,000	699,529	20,000	17,355	284,065	2,270,949

Administration  
 and Chief  
 Financial Officer  
 (Principal  
 Financial Officer)

andeep Mathrani	2008	1,000,000	503,800	1,561,319	1,934,036	55,961	5,055,116
Executive Vice President	2007	1,000,000	1,009,500	1,330,833	1,284,538	105,362	4,730,233
Retail Division	2006	1,000,000	1,000,000	913,759	727,130	102,222	3,743,111

- (1) *The information provided includes bonuses for services that are rendered in the year indicated and are awarded in the first quarter of the next succeeding year.*
- (2) *Information presented in this column reflects the dollar amount recognized for financial statement reporting purposes for the applicable fiscal year. Such amounts were recognized in accordance with SFAS 123R and includes amounts for awards made pursuant to our 2002 Omnibus Share Plan and thus includes amounts from awards granted in and prior to such fiscal year. Pursuant to the rules and regulations of the SEC, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Assumptions used in the calculation of these amounts are included in footnote 11 to our consolidated financial statements included in our Annual Report on Form 10-K (the "Form 10-K") for the applicable fiscal year as filed with the SEC. Dividends are paid on both the vested and unvested portion of restricted share and restricted unit awards.*
- (3) *Included in this column is the actuarial increase (or decrease) in the present value of the applicable executive's benefits under the Vornado Realty Trust Retirement Plan, a defined benefit pension plan (which was frozen in 1997 and terminated in 2008). The change in value was determined using interest and mortality rate assumptions consistent with those used in our financial statements. There were no earnings on amounts*
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## 2009 PROXY STATEMENT VORNADO REALTY TRUST 23

*in the Vornado Realty Trust Nonqualified Deferred Compensation Plans which were determined to be above-market or preferential, as defined in the rules and regulations of the SEC.*

(4) See the All Other Compensation table for additional information.

**All Other Compensation Table**

The following table describes each component of the All Other Compensation column in the Summary Compensation Table.

Name	Year	Use of Car and Driver (\$) <sup>(1)</sup>	Supplemental			Tax and Financial Planning Assistance Per Employment Contract (\$)	Total (\$)
			Life Insurance Premiums (\$)	Reimbursement For Medical / Dental Not Covered (\$)			
Steven Roth	2008	227,148	47,336			274,484	
	2007	215,779	48,205			263,984	
	2006	191,536	48,496			240,032	
Michael D. Fascitelli	2008	230,420	17,155		15,000	262,575	
	2007	227,881	15,305		15,000	258,186	
	2006	190,380	13,627		15,000	219,007	
David R. Greenbaum	2008	202,787	18,067	10,000	15,000	245,854	
	2007	182,557	17,818	10,000	15,000	225,375	
	2006	187,240	17,664	10,000	15,000	229,904	
Joseph Macnow	2008	147,616	148,587		15,000	311,203	
	2007	141,447	85,276		15,000	241,723	
	2006	184,127	84,938		15,000	284,065	
Sandeep Mathrani	2008	50,926	5,035			55,961	
	2007	100,327	5,035			105,362	
	2006	97,187	5,035			102,222	

(1) For each applicable fiscal year, each of the Covered Executives was provided with a car and driver. Each Covered Executive has used the car and driver for both business and personal purposes and the amounts shown

*for such executive reflect the aggregate incremental cost to the Company for the car, driver and related expenses without allocating costs between business and personal uses.*

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## 24 VORNADO REALTY TRUST 2009 PROXY STATEMENT

**Grants of Plan-Based Awards in 2008**

The following table lists all grants of plan-based awards to the Covered Executives made in 2008 and their grant date fair value. All of these awards were voluntarily surrendered (without any consideration or agreement for consideration in the future) in the first quarter of 2009.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(1)</sup>	All Other Share/Unit Awards: Number of Shares of Stock or Units (#) <sup>(2)</sup>	All Other Option Awards:	Exercise or Base Price of Option Awards	Grant Date Fair Value of Awards (\$) <sup>(4)</sup>
				Number of Securities Underlying Options (#) <sup>(3)</sup>	(\$/Sh) <sup>(3)</sup>	
Steven Roth	3/31/08	143,294	17,117	700,000	103.00	9,970,694
Michael D. Fascitelli	3/31/08	143,294	17,117	700,000	103.00	9,970,694
David R. Greenbaum	3/31/08	52,541	8,559	400,000	103.00	4,721,787
Joseph Macnow	3/31/08	38,212	9,129	100,000	103.00	2,389,143
Sandeep Mathrani	3/31/08	42,988	3,423	100,000	103.00	2,176,011

(1) The amounts shown in this column represent the maximum earnable number of 2008 OPP Units that, upon vesting, will be distributed to each Covered Executive pursuant to our 2008 Out-performance Plan. The 2008 Out-performance Plan gave participants the opportunity to share in a performance pool if certain total return objectives (described under Compensation Discussion and Analysis Compensation Elements of our Senior Executive Officers Out-Performance Units ) are, in the future, achieved.

(2) The information presented in this column represents the number of Restricted Units that were granted to the Covered Executives. These Restricted Units vest ratably over five years beginning in 2009. Restricted Units are a separate class of units in Vornado Realty L.P. which will be convertible into Class A common units of Vornado Realty L.P. and will be ultimately redeemable for our Shares on a one-for-one basis. On February 27, 2009, the Covered Executives were granted the following numbers of Restricted Units that vest ratably over five years beginning in 2010: Steven Roth, 74,573; Michael D. Fascitelli, 74,573; David R. Greenbaum, 21,036; Joseph Macnow, 18,079; and Sandeep Mathrani, 21,036. A portion of these grants represents the grant of Restricted Units in lieu of cash bonus.

(3)



*The options granted on March 31, 2008 vest ratably over five years beginning in 2009 and were granted with an exercise price of 17.5% over the market price of our Shares on the date of grant. On February 27, 2009, the Covered Executives were granted options to acquire the following number of Shares, respectively, at an exercise price of \$33.82 (the average of the high and low price of our Shares on the New York Stock Exchange on the date of grant): Steven Roth, 300,000; Michael D. Fascitelli, 300,000; David R. Greenbaum, 40,000; Joseph Macnow, 40,000; and Sandeep Mathrani, 40,000.*

- (4) The amounts presented reflect the full grant date fair value of equity awards (calculated pursuant to SFAS 123R) granted to the Covered Executives in 2008. The full grant date fair value is the amount we would expense in our consolidated financial statements over the award's vesting schedule. For additional information on the value assumptions, refer to footnote 11 of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC.*
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**Outstanding Equity Awards at Year-End**

The following tables summarize the number and value of equity awards held at December 31, 2008 and the aggregate option exercises in 2008 by, and shares that vested in 2008 for, the Covered Executives. Pursuant to the terms of our 1993 and 2002 Omnibus Share Plans (each, as amended), the exercise price and number of shares underlying options originally made at any date of grant may be adjusted to compensate the holder for special or extraordinary dividends that may be subsequently declared. The following table reflects such adjustments.

Name and Applicable Grant Date	Option Awards				Share and Unit Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares,
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Nonexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested (\$)	Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares,
								Units or Other Rights That Have Not Vested (\$)
<b>Steven Roth</b>								
3/31/08 <sup>(1)</sup>		700,000	103.00	3/31/18	17,117	1,033,011		
3/31/08 <sup>(2)</sup>							143,294	8,647,784
3/7/07 <sup>(1)</sup>	17,946	71,786	121.58	3/7/17				
3/7/07 <sup>(1)</sup>					27,472	1,657,935		
4/25/06 <sup>(1)</sup>					9,347	564,091		
4/25/06 <sup>(2)</sup>					192,980	11,646,343		
2/8/05 <sup>(1)</sup>					4,620	278,817		
2/8/05 <sup>(1)</sup>	70,260	46,842	70.30	2/8/15				
2/6/04 <sup>(1)</sup>					4,620	278,817		
1/28/02 <sup>(3)</sup>	265,061		41.29	1/28/12				
1/28/02 <sup>(3)</sup>	249,419		41.40	1/28/12				
1/28/02 <sup>(3)</sup>	248,704		41.52	1/28/12				
3/2/00 <sup>(3)</sup>	1,530,704		30.16	3/2/10				

**Michael D. Fascitelli**

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3/31/08 <sup>(1)</sup>		700,000	103.00	3/31/18	17,117	1,033,011		
3/31/08 <sup>(2)</sup>							143,294	8,647,784
3/7/07 <sup>(1)</sup>	17,182	68,732	121.58	3/7/17				
3/7/07 <sup>(1)</sup>					27,143	1,638,080		
4/25/06 <sup>(1)</sup>					9,347	564,091		
4/25/06 <sup>(2)</sup>					192,980	11,646,343		
2/8/05 <sup>(1)</sup>					3,700	223,295		
2/8/05 <sup>(1)</sup>	56,269	37,514	70.30	2/8/15				
2/6/04 <sup>(1)</sup>					3,700	223,295		
1/28/02 <sup>(3)</sup>	265,061		41.29	1/28/12				
1/28/02 <sup>(3)</sup>	249,419		41.40	1/28/12				
1/28/02 <sup>(3)</sup>	248,704		41.52	1/28/12				
3/2/00 <sup>(3)</sup>	1,428,658		30.16	3/2/10				

(table continued on following page)

## 26 VORNADO REALTY TRUST 2009 PROXY STATEMENT

Name and Applicable Grant Date	Option Awards				Share and Unit Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Inexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested (\$)	Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
<b>David R. Greenbaum</b>								
3/31/08 <sup>(1)</sup>		400,000	103.00	3/31/18	8,559	516,536		
3/31/08 <sup>(2)</sup>							52,541	3,170,849
3/7/07 <sup>(1)</sup>	3,818	15,274	121.58	3/7/17				
3/7/07 <sup>(1)</sup>					4,936	297,888		
4/25/06 <sup>(2)</sup>					34,308	2,070,488		
2/8/05 <sup>(1)</sup>					1,000	60,350		
2/8/05 <sup>(1)</sup>	15,206	10,139	70.30	2/8/15				
2/6/04 <sup>(1)</sup>					1,000	60,350		
1/28/02 <sup>(3)</sup>	48,211		41.29	1/28/12				
1/28/02 <sup>(3)</sup>	39,557		41.40	1/28/12				
1/28/02 <sup>(3)</sup>	39,444		41.52	1/28/12				
3/2/00 <sup>(3)</sup>	589		30.16	3/2/10				
<b>Joseph Macnow</b>								
3/31/08 <sup>(1)</sup>		100,000	103.00	3/31/18	9,129	550,935		
3/31/08 <sup>(2)</sup>							38,212	2,306,094
3/7/07 <sup>(1)</sup>	3,818	15,274	121.58	3/7/17				
3/7/07 <sup>(1)</sup>					6,580	397,103		
7/27/06 <sup>(2)</sup>					4,288	258,781		
4/25/06 <sup>(2)</sup>					38,595	2,329,208		
4/25/06 <sup>(1)</sup>					3,116	188,051		
2/8/05 <sup>(1)</sup>					738	44,538		
2/8/05 <sup>(1)</sup>	11,221	7,483	70.30	2/8/15				

2/6/04<sup>(1)</sup>

738

44,538

*(table continued on following page)*

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## 2009 PROXY STATEMENT VORNADO REALTY TRUST 27

Name and Applicable Grant Date	Option Awards				Share and Unit Awards			Equity Incentive Plan Awards: Market or Payout
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested (\$)	Shares, Units or Other Rights That Have Not Vested (#)	Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
<b>Sandeep Mathrani</b>								
3/31/08 <sup>(1)</sup>		100,000	103.00	3/31/18	3,423	206,578		
3/31/08 <sup>(2)</sup>							42,988	2,594,326
8/13/07 <sup>(4)</sup>		400,000	104.49	8/13/17				
3/7/07 <sup>(1)</sup>	3,818	15,274	121.58	3/7/17				
3/7/07 <sup>(1)</sup>					3,291	198,612		
4/25/06 <sup>(2)</sup>					51,461	3,105,671		
3/13/06 <sup>(5)</sup>	66,304	134,619	93.73	3/13/16				
3/5/05 <sup>(1)</sup>	3		41.42	3/5/15				
2/8/05 <sup>(5)</sup>					11,281	680,808		
2/8/05 <sup>(1)</sup>					800	48,280		
2/8/05 <sup>(1)</sup>		8,111	70.30	2/8/15				
2/8/05 <sup>(5)</sup>	40,000	203,793	70.30	2/8/15				
2/6/04 <sup>(1)</sup>					800	48,280		

(1) These awards vest ratably over five years from the date of grant.

(2) Awards of OPP Units granted in 2008 vest ratably over two years (if performance criteria are met) beginning in March of 2012. Awards of OPP Units granted in 2006 are earned and vest ratably over three years beginning in March of 2009. 2008 OPP Units values are based on the December 31, 2008 market value of the total possible

*2008 OPP Units that can be earned by the reporting person if performance criteria are achieved, however at such market value, no 2008 OPP Units would be earned. Approximately 2.37% of the total 2006 OPP Unit award to each executive represents OPP Units earned as a result of dividends paid with respect to units that vested in January 2007.*

*(3) These awards vested ratably over three years from the date of grant.*

*(4) These awards vest ratably over three years beginning in August 2010.*

*(5) These awards were made pursuant to Mr. Mathrani's employment agreement entered into in 2005 and vest ratably over three years beginning in January of 2008.*

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## 28 VORNADO REALTY TRUST 2009 PROXY STATEMENT

*Aggregated Option Exercises in 2008 and Shares Vested*

Name	Option Awards		Stock Awards	
	Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(5)</sup>	Number of Shares Acquired on Vesting (#) <sup>(6)</sup>	Value Realized on Vesting (\$) <sup>(5)(6)</sup>
Steven Roth <sup>(1)</sup>	1,020,468	26,772,692	24,414	1,997,701
Michael D. Fascitelli <sup>(2)</sup>	765,351	23,492,985	21,451	1,757,997
David R. Greenbaum <sup>(3)</sup>	306,135	16,069,318	4,234	341,988
Joseph Macnow			4,991	411,534
Sandeep Mathrani <sup>(4)</sup>	67,265	1,839,452	3,223	260,369

(1) Mr. Roth exercised options with respect to 1,020,468 Shares on December 8, 2008 with an exercise price of \$32.89 per share and an average market price of \$59.13 per share. The expiration date for these options was February 16, 2009.

(2) Mr. Fascitelli exercised options with respect to 765,351 Shares on December 17, 2008 with an exercise price of \$32.89 per Share and an average market price of \$63.59 per Share. The expiration date for these options was February 16, 2009.

(3) Mr. Greenbaum exercised options with respect to (a) 153,068 Shares on January 8, 2008 with an exercise price of \$44.40 per Share and an average market price of \$82.54 per Share, and (b) 153,067 Shares on August 8, 2008 with an exercise price of \$32.89 per Share and an average market price of \$99.74 per Share. The expiration date for the options exercised on January 8, 2008 was January 12, 2008. The expiration date for the options exercised on August 8, 2008 was February 16, 2009.

(4) Mr. Mathrani exercised options with respect to (a) 6,712 Shares on September 17, 2008 with an exercise price of \$70.30 per Share and an average market price of \$91.17 per Share; (b) 179 Shares on September 17, 2008 with an exercise price of \$41.44 per Share and an average market price of \$91.17 per Share (the expiration date for these options was March 5, 2012); (c) 20,374 Shares on September 18, 2008 with an exercise price of \$70.30 per Share and an average market price of \$92.84 per Share; (d) 30,000 Shares on September 19, 2008 with an exercise price of \$70.30 per Share and an average market price of \$101.88 per Share; and (e) 10,000 Shares on September 22, 2008 with an exercise price of \$70.30 per Share and an average market price of \$98.70. Except as indicated above, the expiration date for these options was February 8, 2015.



- (5) *Values realized on exercise/vesting are based on: (1) for options, the difference between the exercise price and the average of the high and low price of our common shares on the applicable date if the resulting shares were held or, if the resulting shares were sold, the actual sale price for such shares; and (2) for Stock Awards, the average of the high and low price of our common shares on the date of vesting*
- (6) *Stock Awards includes awards of Restricted Stock, Restricted Units and OPP Units.*

### **Employee Retirement Plan**

Effective December 31, 1997, the Company froze its employee retirement plan, which provided retirement benefits to full-time employees of the Company. Benefits under the plan vested upon the completion of five years of service for all eligible employees. However, employees do not earn any additional benefits after December 31, 1997. In addition, no new participants are eligible to enter the frozen plan. Accordingly, the only Covered Executives who participate in the Plan are Messrs. Roth, Fascitelli and Macnow. Annual retirement benefits are equal to 1% of the participant's base salary for each year of service. However, the portion of retirement benefits payable for service prior to plan participation is equal to 1% of the participant's base salary as of December 31 of the year before the participant began to participate in the plan for each year of the participant's past service. The retirement plan was terminated in 2008. Upon termination of the plan, Messrs. Roth, Fascitelli and Macnow were paid \$645,343, \$10,730 and \$325,634, respectively, in satisfaction of amounts payable to them under the plan.

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**Deferred Compensation**

The following table summarizes the contributions, earnings, withdrawals and balance for the Covered Executives for and at year-end 2008.

*Non-Qualified Deferred Compensation (amounts in dollars)*

Name	Type of Deferred Compensation Plan	Executive Company Contributions		Aggregate Earnings (Loss) in Last Fiscal Year	Aggregate Withdrawals / Distributions	Aggregate Balance at 12/31/08 <sup>(3)</sup>
		Last Fiscal Year <sup>(1)</sup>	Fiscal Year			
Steven Roth	Deferred Compensation Plan	2,164,901		(4,139,665)		18,125,421
Michael D. Fascitelli	Deferred Compensation Plan	1,930,620		(4,245,510)		24,709,712
David R. Greenbaum	Deferred Compensation Plan	1,949,221		(4,471,339)		12,466,738
Joseph Macnow	Deferred Compensation Plan	192,892		(444,235)		2,584,173
Sandeep Mathrani	Deferred Compensation Plan			66,436		899,618

(1) Reflects the following amounts for each of the Covered Executives which are reported as compensation to such Covered Executive in the Summary Compensation Table for 2008: Mr. Roth, \$1,015,711; Mr. Fascitelli, \$1,010,784; Mr. Greenbaum, \$1,710,156; Mr. Macnow, \$9,166; and Mr. Mathrani, \$9,647. These amounts represent the deferred portion for each of such Covered Executive's 2008 annual salary, restricted shares that vested in 2008, dividend equivalents and/or bonuses in 2008 for the prior year's performance.

(2)

*Contributions to the Vornado Realty Trust Non-Qualified Deferred Compensation Plans are credited with earnings based on the rate of return of various benchmark funds selected by the individual, some of which are based on the performance of the Company's securities.*

- (3) *All amounts contributed by a Covered Executive in prior years have been reported in the Summary Compensation Tables in our previously filed proxy statements in the year earned to the extent he was a Covered Executive in such year for the purposes of the SEC's executive compensation disclosure rules.*
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30 VORNADO REALTY TRUST 2009 PROXY STATEMENT

**EMPLOYMENT CONTRACTS**

Each of the employment agreements, for our named Covered Executives who have an employment agreement, was amended on December 29, 2008 to comply with Internal Revenue Service regulations that became effective as of December 31, 2008.

*Michael D. Fascitelli*

Mr. Fascitelli had an employment agreement that commenced on December 2, 1996, pursuant to which he joined the Company as President. The employment agreement had an initial term of five years and expired on December 31, 2001. Effective January 1, 2002, the Company entered into a new employment agreement with Mr. Fascitelli for a five-year period through December 31, 2006. Pursuant to the 2002 employment agreement, on January 1, 2006, and on each January 1 thereafter, the employment term was and will be, automatically extended for one additional year unless either the Company or Mr. Fascitelli gives written notice not to extend the agreement, not less than 90 days before such date. The 2002 employment agreement provides that Mr. Fascitelli's annual base salary will not be decreased during the term and is currently \$1,000,000. In accordance with the terms of his employment agreement, Mr. Fascitelli has also been given the use of a Company automobile.

The 2002 employment agreement also provides that, if his employment is terminated by the Company without cause or by him for good reason (as defined in the agreement to include, among other things, a change in his responsibilities, change in control of the Company, relocation of the Company's principal executive offices or the failure of the Company to comply with the terms of the agreement), (i) payment of his base salary shall continue for three years, offset in the second and third years for compensation received or deferred for services to any other employer, and (ii) benefits to him and his family shall continue for three years. The agreement further provides that, if his employment is terminated by him without good reason or by the Company for cause (as defined in the agreement to include conviction of, or plea of guilty or nolo contendere to, a felony, failure to perform his duties or willful misconduct), payment of his salary will cease.

*David R. Greenbaum*

Mr. Greenbaum has an employment agreement that commenced on April 15, 1997, pursuant to which he serves as President New York Office Division. The employment agreement provides that, commencing on April 30, 2000, and on each April 30 thereafter, the employment term shall automatically be extended for one additional year unless either the Company or Mr. Greenbaum gives written notice not to extend the agreement, at least 90 days before such date. The employment agreement provides that Mr. Greenbaum's base salary shall not be reduced during the term of the agreement. Mr. Greenbaum's current annual base salary is \$1,000,000. Mr. Greenbaum's employment agreement provides that he will be entitled to participate at a level commensurate with his position in any equity and/or incentive compensation with respect to senior executives of the Company. In accordance with the terms of his employment agreement, he has also been given the use of a Company automobile.

The agreement also provides that, if Mr. Greenbaum's employment is terminated by the Company without cause or by him for good reason (as defined in the agreement to include, among other things, a change in his responsibilities, change in control of the Company, relocation of the New York Office Division's principal executive offices, the failure of the Company to comply with the terms of the agreement or the failure of the Company to renew the agreement upon expiration), Mr. Greenbaum will receive (a) a lump-sum payment of three times the sum of (i) his annual base compensation and (ii) the average of the annual bonuses earned by him in the two fiscal years ending immediately

prior to his termination and (b) continued provision of benefits to him and his family for three years. The agreement further provides that, if his employment is terminated by him without good reason or by the Company for cause (as defined in the agreement to include conviction of, or plea of guilty or nolo contendere to, a felony, failure to perform his duties or willful misconduct), payment of his salary will cease.

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*Joseph Macnow*

Mr. Macnow has had an employment agreement with the Company since November 21, 1980, pursuant to which he serves as Executive Vice President Finance and Administration and Chief Financial Officer. His Amended and Restated Employment Agreement, dated as of July 27, 2006, provides that on each December 31 the employment term shall automatically be extended for one additional year unless either the Company or Mr. Macnow gives written notice not to extend the agreement 90 days before such date. Mr. Macnow's employment agreement provides that his base salary will not be reduced during the term of the agreement and is currently at \$1,000,000. Mr. Macnow's agreement also provides for his use of a Company automobile.

The agreement also provides that, if Mr. Macnow's employment is terminated by the Company without cause or by him for good reason (as defined in the agreement to include, among other things, a change in his responsibilities, change in control of the Company, relocation of the Company's principal executive offices, the failure of the Company to comply with the terms of the agreement or the failure of the Company to renew the agreement upon expiration), he will receive: (a) a lump-sum payment of three times the sum (not to exceed \$3.3 million, in the aggregate) of (i) his annual base compensation plus (ii) the average of the annual bonuses earned by him in the two fiscal years ending immediately prior to his termination; (b) immediate vesting in any equity awards granted to him by the Board; and (c) continued provision of benefits to him and his family for three years. The agreement further provides that, if Mr. Macnow's employment is terminated by him without good reason or by the Company for cause (as defined in the agreement to include conviction of, or plea of guilty or nolo contendere to, a felony, failure to perform his duties or willful misconduct), payment of salary will cease.

*Sandeep Mathrani*

Mr. Mathrani serves as Executive Vice President Retail Division of the Company. His employment agreement entered into in 2002 expired in March 2005. As of January 1, 2005, the Company and Mr. Mathrani entered into a new employment agreement through January 1, 2010, with a term that automatically extends for additional one-year periods unless terminated on at least six months' prior notice by either the Company or Mr. Mathrani. The employment agreement provides that Mr. Mathrani's annual base salary will not be decreased during the term and is currently \$1,000,000.

In connection with his employment agreement, the Company granted Mr. Mathrani 16,836 restricted Shares and options to acquire 300,000 of the Company's Shares at \$71.275 per share. In addition, pursuant to his employment agreement, 200,000 options were granted to him on March 13, 2006 at an exercise price of \$94.16 per share. One-third of these restricted Share and option grants vested or will vest on each of January 20, 2008, 2009 and 2010. The vesting of these restricted Shares and options granted pursuant to his employment agreement will accelerate upon certain events including a change of control of the Company or a sale of its retail division.

Mr. Mathrani's employment agreement also provides that, if his employment is terminated by the Company without cause or by him due to a material breach of the agreement by the Company (a material breach is any failure by the Company to comply with any material provision of the agreement that is not cured within 30 days of written notice by Mr. Mathrani of non-compliance), Mr. Mathrani will immediately vest in any stock options and restricted Shares granted to him by the Company. In addition, in such event, Mr. Mathrani will receive a lump-sum payment equal to (i) his annual base compensation plus (ii) the average of the annual bonuses earned by him in the two fiscal years ending immediately prior to his termination. The agreement further provides that, if his employment is terminated by him without good reason or by the Company for cause (as defined in the agreement to include conviction of, or plea of

guilty or nolo contendere to, a felony, failure to perform his duties or willful misconduct), payment of his salary and all other obligations of the Company under the agreement will cease. Under his employment agreement, Mr. Mathrani also receives the use of a Company automobile.

#### **SEVERANCE AND CHANGE OF CONTROL ARRANGEMENTS**

Of our Covered Executives, Messrs. Fascitelli, Greenbaum, Macnow and Mathrani have employment agreements that provide for certain payments in the event of a termination of employment, including one following a change of control. None of Mr. Roth or any of our other trustees (other than Mr. Fascitelli) has an employment agreement or

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### 32 VORNADO REALTY TRUST 2009 PROXY STATEMENT

other severance arrangement. Our Omnibus Share Plans, which govern all of our equity-based awards, provide in certain circumstances that equity awards that have been granted but are still subject to vesting will vest automatically or at the discretion of our Board in certain circumstances. In particular, on a change of control, all equity awards either vest automatically or at the discretion of our Board. In addition, our deferred compensation plans provide that all applicable deferred compensation is paid out to an executive or trustee upon his or her departure from the Company. Of our Covered Executives, only Messrs. Roth, Fascitelli and Macnow were participants in our now-terminated retirement plan. Benefits under the retirement plan for these persons were fully vested at the time of the plan's termination. In addition, upon the death or disability of an executive, that executive, or his or her estate, may be entitled to insurance benefits under policies with third parties maintained by us.

With regard to our employment agreements, these agreements are negotiated on a case-by-case basis. As discussed under Compensation Discussion and Analysis, we believe that in certain circumstances such agreements are in the best interests of the Company and our shareholders to ensure the continued dedication of such employees, notwithstanding the possibility, threat or occurrence of a change of control. Generally, our agreements govern severance payments under the following circumstances: (1) termination of the employee for cause; (2) termination by the employee for good reason (such as breach of the employment agreement by the Company or, in certain cases, if a change of control occurs and the employee then decides to terminate his employment) or by the Company without cause; (3) termination following a disability; (4) termination due to death; and (5) in certain cases, termination upon retirement after the employee reaches the age of 65. For those of our Covered Executives who have employment agreements, the definitions of good reason and cause are more fully described above, under Employment Contracts. Reference should be made to the actual employment agreements for the specific terms. Generally, however, on any termination, the applicable executive officer will receive his accrued and unpaid salary and other benefits until the date of termination. For cause terminations by the Company, the employee will not receive any additional payment. If the employee terminates his employment for good reason or the Company terminates the employment without cause, the employee typically receives an additional payment (or payments over a specified period) that may vary from one year of salary and bonus to up to three years of salary and bonus. For terminations due to disability or death, executives who have this provision in their applicable agreement typically receive between one year of salary or bonus and three years of salary. In certain cases, the employment agreements also provide for continued benefits for specified periods. None of our Covered Executives, who is a party to an employment agreement, is currently eligible for retirement under his employment agreements. Severance payments following a change of control under employment agreements are generally dual trigger, meaning that the change of control must occur and be followed by a termination of employment. We believe that this provision appropriately achieves the benefits of ensuring the dedication of employees in connection with a change of control without providing for an automatic payment under the employment agreement for a change of control.

Our equity-based compensation awards are governed by the individual award agreements issued under our Omnibus Share Plans. Generally, for cause terminations, no unvested awards are accelerated but employees are entitled to keep awards that have already vested if they exercise options or similar awards within specified periods after termination. For terminations by the employee for good reason or by the Company without cause, unvested OPP awards then vest, but other then-unvested equity awards terminate in a manner similar to that of cause terminations. In the agreements governing our OPP Awards, good reason includes: (1) if the party is subject to an employment agreement, the definition used in the employment agreement and (2) if there is no employment agreement or definition, (a) the assignment of duties or the imposition of a reporting obligation materially and adversely inconsistent to those existing prior to such change, (b) a material reduction in base salary or failure of the Company to pay such salary, (c) the relocation of such party, without consent, (d) a purported termination for cause not in accordance with the definition thereof, and (e) a reduction in benefits not applied to all officers of a similar level. In Mr. Macnow's case, however, his employment agreement provides that on any departure from the Company except as a result of a cause termination, his



unvested equity awards then vest. Upon a change of control, all unvested equity awards then vest. We believe that a single trigger for vesting of equity awards following a change of control is appropriate due to the change in the nature of the form of award caused by a change of control. In the case of retirement after the age of 65, options (but no other equity-based award), automatically vest, except that the options granted to Mr. Roth on March 31, 2008 will continue to vest over five years subject to Mr. Roth's continued service. In the case of a disability, option and OPP awards vest and in the case of death, all equity awards vest.

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## 2009 PROXY STATEMENT VORNADO REALTY TRUST 33

The information presented below reflects the estimated payments that each of our Covered Executives would have received under the employment termination scenarios (including, following a change of control) if employment termination were to have occurred on December 31, 2008. In calculating the value of equity-based awards, the presentation uses a price per share of \$60.35, the closing price of our common shares on the New York Stock Exchange on the last trading day in 2008. In addition, in estimating bonuses payable for the calculation of severance payments, we have used the actual bonuses paid in 2009 for 2008 performance (including, for these presentation purposes only, the value of all Restricted Unit granted as a bonus in the first quarter of 2009). The actual amounts that would be paid on any termination of employment can only be determined at the time of any actual separation from the Company.

*Steven Roth*

Payments on Termination	<i>(amounts in dollars)</i>				Death Disability
	Voluntary Termination on Retirement <sup>(1)</sup>	Involuntary Termination For Cause	Involuntary Not For Cause Termination / Good Reason Termination	Voluntary Termination Following a Change of Control <sup>(2)</sup>	
Bonus					
Severance					
Unvested Options					
Unvested Restricted Stock & LTIP Units				3,812,672	3,812,672
Unvested OPP Units			11,646,343	11,646,343	11,646,343
Benefits Continuation					
Total			11,646,343	15,459,015	15,459,015

*Michael D. Fascitelli*

Voluntary Termination	<i>(amounts in dollars)</i>	
	Involuntary Termination For Cause / Good	Voluntary Termination Following a

<b>Payments on Termination</b>	<b>Termination on Retirement</b>	<b>For Cause Termination</b>	<b>Reason Termination</b>	<b>Change of Control<sup>(2)</sup></b>	<b>Death</b>	<b>Disability</b>
Bonus					1,000,000	
Severance <sup>(3)</sup>			3,000,000	3,000,000	1,000,000	3,000,000
Unvested Options						
Unvested Restricted Stock & LTIP Units				3,681,772	3,681,772	
Unvested OPP Units			11,646,343	11,646,343	11,646,343	
Benefits Continuation			54,633	54,633	18,211	
<b>Total</b>			<b>14,700,976</b>	<b>18,382,748</b>	<b>17,346,326</b>	<b>3,000,000</b>

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## 34 VORNADO REALTY TRUST 2009 PROXY STATEMENT

*David R. Greenbaum*

*(amounts in dollars)*

Payments on Termination	Voluntary Termination on Retirement	Involuntary Termination For Cause	Involuntary Not For Cause Termination / Good Reason Termination	Voluntary Termination Following a Change of Control <sup>(2)</sup>	Death	Disability
			Reason Termination	Change of Control <sup>(2)</sup>		
Bonus			1,000,000	1,000,000	1,000,000	1,000,000
Severance			6,750,000	6,750,000	1,000,000	
Unvested Options						
Unvested Restricted Stock & LTIP Units				935,123	935,123	
Unvested OPP Units			2,070,488	2,070,488	2,070,488	
Benefits Continuation <sup>(4)</sup>					44,322	132,966
Total			9,820,488	10,755,611	5,049,933	1,132,966

*Joseph Macnow*

*(amounts in dollars)*

Payments on Termination	Voluntary Termination on Retirement	Involuntary Termination For Cause	Involuntary Not For Cause Termination / Good Reason Termination	Voluntary Termination Following a Change of Control <sup>(2)</sup>	Death	Disability
			Reason Termination	Change of Control <sup>(2)</sup>		
Bonus			800,000	800,000	800,000	800,000
Severance			3,300,000	3,300,000	1,000,000	
Unvested Options						
Unvested Restricted Stock & LTIP Units			1,225,165	1,225,165	1,225,165	

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Unvested OPP Units	2,587,989	2,587,989	2,587,989	
Benefits Continuation <sup>(4)</sup>	411,675	411,675	137,225	411,675
Total	8,324,829	8,324,829	5,750,379	1,211,675

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*Sandeep Mathrani*

Payments on Termination	<i>(amounts in dollars)</i>				
	Voluntary Termination on Retirement <sup>(1)</sup>	Involuntary Cause For Termination	Involuntary Not For Cause Termination / Good Reason Termination <sup>(5)</sup>	Voluntary Termination Following a Change of Control <sup>(2)</sup>	Death Disability
Bonus					
Severance			2,150,000		
Unvested Options					
Unvested Restricted Stock & LTIP Units				1,182,558	1,182,558
Unvested OPP Units			3,105,671	3,105,671	3,105,671
Benefits Continuation					
<b>Total</b>			<b>5,255,671</b>	<b>4,288,229</b>	<b>4,288,229</b>

- (1) *Payments upon retirement from the Company are available to those named executive officers who retire after reaching the age of 65. At December 31, 2008, the only named executive officer who, if he had retired at that date would have so qualified, is Mr. Roth. Except as otherwise provided in these tables, no payments are due upon any other voluntary termination prior to retirement.*
- (2) *Unvested grants of options, restricted shares, LTIPs and OPP Units will vest automatically upon a change of control without the need for termination of employment.*
- (3) *The severance payment shown for disability is the maximum possible payout. The total amount payable to Mr. Fascitelli upon disability is limited to the greater of (a) six months of benefits, and (b) benefits until such point as Mr. Fascitelli is eligible for long-term disability with the total payment not to exceed an amount equal to three years of salary.*
- (4) *Information presented as to the costs of benefits is based on an estimated total annual cost of benefits for such named executive officer. In certain cases, continued benefits made available following a termination will be less than the total benefits currently payable.*
- (5) *Upon any termination without cause (as defined), Mr. Mathrani is entitled to the use of an office and secretarial support for 90 days.*



## 36 VORNADO REALTY TRUST 2009 PROXY STATEMENT

**COMPENSATION OF TRUSTEES**

Trustees who are not officers of the Company receive an annual retainer and additional meeting fees for each Board or committee meeting attended. Messrs. Roth and Fascitelli received no compensation for their service as trustees. The non-management members of the Board of Trustees are compensated as follows: (1) each such member receives an annual retainer equal to \$60,000; (2) each such member receives an annual grant of Restricted Shares or Restricted Units with a value equal to \$30,000 at the date of grant (not to be sold while such member is a trustee, except in certain circumstances); (3) the Audit Committee Chairman receives an annual retainer of \$50,000 and other Audit Committee members receive an annual retainer of \$25,000; (4) the Chairman and members of all other committees (other than the Executive Committee) receive an annual retainer of \$10,000 and \$5,000, respectively; and (5) each such member receives a meeting fee of \$1,000 for each Board and committee meeting attended.

The following table sets forth the compensation that was earned or paid in 2008 for the non-management members of our Board.

<b>Name</b>	<b>Fees Earned or Paid in Cash \$</b>	<b>Share Awards \$(<sup>1</sup>)</b>	<b>Total \$</b>
Candace K. Beinecke	68,500	7,697	76,197
Anthony W. Deering	103,000	20,498	123,498
Robert P. Kogod	65,000	21,046	86,046
Michael Lynne	77,125	20,498	97,623
David Mandelbaum	73,000	21,046	94,046
Robert H. Smith	41,500	207,223	248,723
Ronald G. Targan	105,000	20,498	125,498
Richard R. West	131,875	21,046	152,921
Russell B. Wight, Jr.	78,000	20,114	98,114

(1) Information presented in this column reflects the dollar amount recognized for financial statement purposes for the year ended December 31, 2008 in accordance with SFAS 123R of awards made pursuant to our 2002 Omnibus Share Plan. Pursuant to the rules and regulations of the SEC, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Assumptions used in the calculation of these amounts are included in note 11 of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 as filed with the SEC. Dividends are paid on both the vested and unvested portion of Restricted Share and Restricted Unit awards. For information concerning the aggregate equity awarded to Trustees under our Omnibus Share Plans, see Note 8 to the Principal Security Holders table. Amounts for Robert H. Smith include values attributable to grants to Mr. Smith prior to May 2008 while he served as an employee of the Company.



## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The Compensation Committee, consisting of Dr. West and Messrs. Lynne and Targan, grants awards under the Company's 2002 Omnibus Share Plan, as amended, and makes all other executive compensation determinations. Messrs. Roth and Fascitelli are the only officers or employees of the Company who are also members of the Board. There are no interlocking relationships involving the Company's Board which require disclosure under the executive compensation rules of the SEC.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### *Review and Approval of Related Person Transactions*

We review all relat