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**Vornado**  
REALTY TRUST

**Notice of  
Annual Meeting  
of Shareholders**

**and**

**Proxy Statement**



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Park 80 West, Plaza II  
Saddle Brook, New Jersey 07662

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**Notice of Annual Meeting of Shareholders  
To Be Held May 4, 1994**

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To the Holders of Common Shares of Beneficial Interest:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Vornado Realty Trust (the "Company") will be held at the Marriott Hotel, Interstate 80 and the Garden State Parkway, Saddle Brook, New Jersey 07662 on Wednesday, May 4, 1994, at 10:00 in the forenoon, local time, for the following purposes:

(1) The election of two persons to the Board of Trustees of the Company for a term of three years; and

(2) The transaction of such other business as may properly come before the meeting or any adjournment thereof.

Pursuant to the Bylaws of the Company, the Board of Trustees of the Company has fixed the close of business on March 23, 1994, as the record date for determination of shareholders entitled to notice of and to vote at the meeting.

Your attention is called to the attached proxy statement. **Whether or not you plan to attend the meeting, you are urged to complete and sign the enclosed proxy and return it in the accompanying envelope to which no postage need be affixed if mailed in the United States. If you attend the meeting in person, you may withdraw your proxy and vote your own shares.**

By Order of the Board of Trustees  
SUSAN D. SCHMIDER  
Secretary





Park 80 West, Plaza II  
Saddle Brook, New Jersey 07662

## **PROXY STATEMENT**

**Annual Meeting of Shareholders**

**To Be Held May 4, 1994**

The enclosed proxy is being solicited by the Board of Trustees of Vornado Realty Trust (the "Company") for use at the Annual Meeting of Shareholders of the Company to be held on Wednesday, May 4, 1994 ("Annual Meeting"). The proxy may be revoked by the shareholder at any time prior to its exercise at the Annual Meeting. The cost of soliciting proxies has been or will be borne by the Company. MacKenzie Partners, Inc. has been engaged by the Company to solicit proxies, at an estimated fee not to exceed \$5,500. In addition to solicitation by mail and by telephone calls, arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy material to their principals and the Company may reimburse them for their expenses in so doing. Such reimbursement is not expected to exceed \$1,000.

Only shareholders of record at the close of business on March 23, 1994 are entitled to notice of and to vote at the Annual Meeting. There were on such date 21,605,141 Common Shares of Beneficial Interest ("Shares") outstanding, each entitled to one vote at the Annual Meeting.

The principal executive office of the Company is located at Park 80 West, Plaza II, Saddle Brook, New Jersey 07662. This notice of meeting and proxy statement and enclosed proxy will be mailed on or about April 13, 1994 to the Company's shareholders of record as of the close of business on March 23, 1994.

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All references to the "Company" or "Vornado", include both Vornado Realty Trust and Vornado, Inc., its predecessor, as appropriate.

### **ELECTION OF TRUSTEES**

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The Declaration of Trust of the Company, as amended ("Declaration of Trust"), provides that the Board shall be divided into three classes, as nearly equal in number as possible. One class of two trustees is elected at each annual meeting of shareholders to hold office for a term of three years and until their successors are duly elected and qualify.

Unless otherwise directed in the proxy, the person named in the enclosed proxy, or his substitute, will vote such proxy for the election of the two nominees listed below as trustees for a three year term and until their respective successors are elected and qualify. If any nominee at the time of election is unavailable to serve, it is intended that the person named in the proxy, or his substitute, will vote for an alternative nominee who will be designated by the Board. Proxies may be voted only for the two nominees named or such alternates. However, the Board has no reason to anticipate that any of the nominees hereafter named will not be available to serve.

Under the Bylaws, the affirmative vote of a plurality of all the votes cast at the Meeting, assuming a quorum is present, is sufficient to elect a trustee. Under Maryland law, the Declaration of Trust and the Bylaws of the Company, proxies marked "withhold authority" will be counted for the purpose of determining the presence of a quorum but such proxies and failures to vote (including proxies from brokers or other nominees indicating that such persons do not have discretionary power to vote Shares in the election of trustees) will not be counted as votes cast in the election of trustees and thus will have no effect on the results of the vote.

The following table sets forth the nominees (both of whom are presently members of the Board of the Company) and the present members of the Board of the Company.

With respect to each such person, the table sets forth the age, principal occupation, position presently held with the Company, and the year in which the person first became a director of Vornado.

<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Present Position with the Company</u>	<u>Year Term Will Expire</u>	<u>Initial Election</u>
<b>Nominee for Election to Serve Until the Annual Meeting in 1997</b>				
<b>Steven Roth*</b>	52	Chairman of the Board and Chief Executive Officer of the Company; a general partner of Interstate Properties ("Interstate")	1997	1979
<b>Russell Wight, Jr.*</b>	55	A general partner of Interstate	1997	1979
<b>Present Trustees Elected to Serve Until the Annual Meeting in 1995</b>				
<b>David Mandelbaum*</b>	58	A member of the law firm of Mandelbaum & Mandelbaum, P.C.; a general partner of Interstate	1995	1979
<b>Richard West</b>	56	Professor, Leonard N. Stern School of Business, New York University	1995	1982

<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Present Position with the Company</u>	<u>Year Term Will Expire</u>	<u>Initial Election</u>
<b>Present Trustees Elected to Serve Until the Annual Meeting in 1996</b>				
<b>Stanley Simon*</b>	76	Owner of Stanley Simon and Associates, management and financial consultants	1996	1960
<b>Ronald Targan</b>	67	A member of the law firm of Schechner and Targan, P.A.; President of Malt Products Corporation of New Jersey, a producer of malt syrup	1996	1980

\* Member of Executive Committee of the Board of the Company.

Mr. Roth has been Chairman of the Board and Chief Executive Officer of the Company since May 1989 and Chairman of the Executive Committee of the Board of the Company since April 1980. Since 1968, he has been a general partner of Interstate. Mr. Roth is also a director of Alexander's, Inc. and Insituform Technologies, Inc.

Mr. Wight has been a general partner of Interstate since 1968. Mr. Wight is also a director of Insituform Technologies, Inc.

Mr. Mandelbaum has been a member of Mandelbaum & Mandelbaum, P.C. since 1967. Since 1968, he has been a general partner of Interstate.

Mr. West has been a professor at the Leonard N. Stern School of Business, New York University since September 1984. He was also Dean from September 1984 until August 1993. From July 1976 through August 1984, he was a faculty member of the Amos Tuck School of Business Administration of Dartmouth College. From July 1976 until 1983,

Mr. West was also Dean of the Amos Tuck School. Mr. West is also a director or a trustee of Alexander's, Inc., Smith-Corona, Inc., Bowne, Inc. and various investment companies managed by Merrill Lynch Assets Management, Inc.

Mr. Simon has been the owner of Stanley Simon and Associates since 1958. Mr. Simon is also a director of General Microwave Corporation, Gerber Scientific Inc. and J. Baker, Inc.

Mr. Targan has been President of Malt Products Corporation of New Jersey since 1962. Since 1964, he has been a member of the law firm of Schechner and Targan, P.A.

Interstate is a New Jersey partnership formed in 1968 to engage in the development and operation of shopping centers. Messrs. Roth, Wight and Mandelbaum have at all times been the general partners of Interstate. Interstate develops, owns and operates strip and regional type shopping centers and is an investor in securities and partnerships.

The Company is not aware of any family relationships between any trustee or executive officer of the Company or person nominated or chosen by the Company to become a trustee or executive officer. Messrs. Roth, Wight and Mandelbaum are affiliated with each other as general partners of Interstate and in other businesses. Messrs. Mandelbaum and Targan are affiliated with each other in businesses and in the practice of law.

The Board has an Audit Committee and a Compensation Committee. The Audit Committee's functions include reviewing annual and quarterly reports and proxy statements sent to shareholders and filed with the Securities and Exchange Commission, recommending to the Board the engaging of the independent auditors, reviewing with the independent auditors the plan and results of the auditors' engagement and other matters of interest to the Committee and reviewing with the Company's financial officers and internal auditors matters of interest to the Committee including the effectiveness of the Company's internal controls and the results of its operation. The Audit Committee, which held five meetings during the Company's last fiscal year consists

of three members, Messrs. West, Mandelbaum and Simon. Mr. West is the Chairman of the Audit Committee.

The Compensation Committee is responsible for establishing the terms of the compensation of the executive officers and the granting of awards under the Company's Omnibus Share Plan. It acted by unanimous written consent to grant share options twice since its formation during the Company's last fiscal year. The Committee consists of three members, Messrs. Simon, Targan and West. Mr. Simon is the Chairman of the Compensation Committee.

The Board held nine meetings during the Company's last fiscal year. Each trustee of the Company attended at least 75% of the combined total of meetings of the Board and the meetings held by all committees on which he served during that period.

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**COMPENSATION COMMITTEE  
OF THE BOARD OF TRUSTEES  
REPORT ON EXECUTIVE COMPENSATION**

**General**

The Compensation Committee (the "Committee") is responsible for establishing the terms of the compensation of the executive officers.

Each of the executive officers receives a base salary. The Committee periodically reviews and adjusts Mr. Roth's base salary. Mr. Roth's current base salary of \$625,000 was established in November 1991. The base salaries of Mr. Macnow and Mr. Rowan are \$321,750 each in accordance with the employment agreements which were entered into on January 1, 1992 (see "Employment Contracts"). Such employment agreements provide for an annual adjustment of their base salary equal to 125% of the percentage increase in the prior year's consumer price index.

The primary objective of the Committee in establishing the terms of the executive officers' compensation has been to provide strong financial incentives for the executive officers to maximize shareholder value. The Committee be-

believes that the best way to accomplish this objective is to grant substantial share options on a fixed share basis without adjusting the number of shares granted to offset changes in the Company's share price.

The employment agreements of Joseph Macnow, Vice President — Chief Financial Officer, and Richard Rowan, Vice President — Real Estate, provide an undertaking to use best efforts annually to cause the Compensation Committee of the Board to grant each of them options to purchase 37,500 Shares at a purchase price equal to the fair market value of the Shares on the dates the options are granted. In each of the last five years (including a December 1993 grant for the 1994 year), Mr. Macnow and Mr. Rowan have each received an option on 37,500 Shares exercisable at the current market price pursuant to their employment agreements.

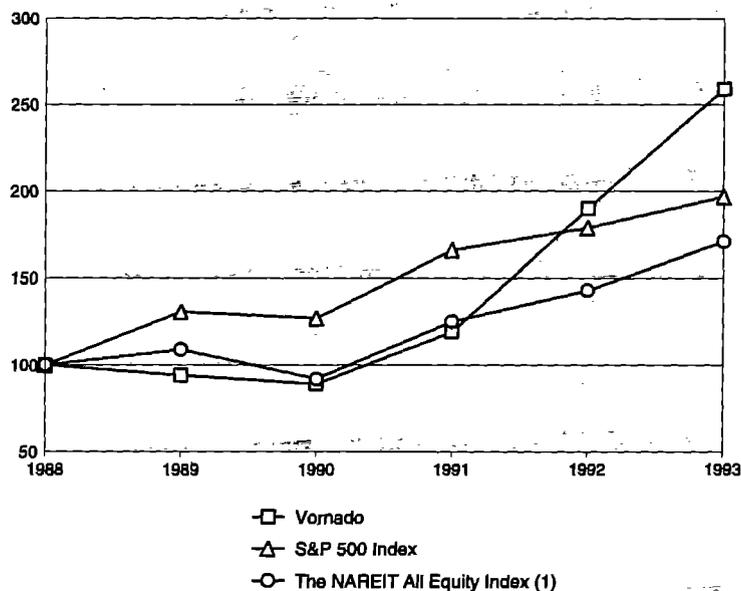
Section 162(m) of the Internal Revenue Code, which was adopted in 1993, provides that, in general, publicly traded companies may not deduct, in any taxable year, compensation in excess of \$1,000,000 paid to any individual named in the Summary Compensation Table which is not "performance based", as defined in Section 162(m). The Committee is studying the effect of Section 162(m) and the proposed regulations, including transitional rules, on the Company as a REIT, but has not taken any position at this time.

STANLEY SIMON  
RONALD TARGAN  
RICHARD WEST

## PERFORMANCE GRAPH

The following performance graph compares the Company's share price performance to the S&P 500 and to the published National Association of Real Estate Investment Trusts (NAREIT) All Equity Index (excluding Health Care REITs). Share price performance for the past five years is not necessarily indicative of future results. The cumulative return includes the reinvestment of dividends.

### Comparison of Five-Year Cumulative Return



	1988	1989	1990	1991	1992	1993
Vornado	100	94	89	119	190	259 (2)
S&P 500 Index	100	131	127	166	179	197
The NAREIT All Equity Index (1)	100	109	92	125	143	171

- (1) Excluding Health Care REITs.
- (2) Includes a special dividend of \$3.36 per share.

**PRINCIPAL SHAREHOLDERS AND SECURITY  
OWNERSHIP OF MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of the Company's Shares as of April 4, 1994, by (i) each trustee of the Company, (ii) each person known by the Company to be the beneficial owner of more than five percent of the Company's outstanding Shares and (iii) all trustees, nominees and executive officers as a group. Except as otherwise indicated, the Company believes that the beneficial owners of the Shares listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares. Unless otherwise noted, the address of all such persons is c/o Vornado Realty Trust, Park 80 West, Plaza II, Saddle Brook New Jersey 07662.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percent of Class (2)</u>
Steven Roth	7,824,200 (3) (4)	36.2%
Russell Wight, Jr. 122 Royal Palm Way Boca Raton, Florida 33432	7,084,000 (3) (5)	32.8%
David Mandelbaum Mandelbaum & Mandelbaum, P.C. 80 Main Street West Orange, New Jersey 07052	7,084,000 (3)	32.8%
Ronald Targan Schechner and Targan, P.A. 80 Main Street West Orange, New Jersey 07052	375,000	1.7%
Stanley Simon Stanley Simon and Associates 70 Pine Street New York, New York 10270	37,500	*
Richard West c/o New York University Leonard N. Stern School of Business Management Education Center 44 West 4th Street New York, New York 10012-1126	10,500 (6)	*
Richard Rowan	212,682	1.0% (8)

*(table continued on next page)*

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Joseph Macnow	282,218	1.3% (8)
All officers and trustees as a group (the 8 persons listed above)	8,867,100 (7)	40.5% (8)
Interstate Properties	7,021,500 (3)	32.5%
Frederick Zissu 30 Hamilton Drive West No. Caldwell, New Jersey 07006	1,832,615 (9)	8.5%
Group consisting of members of the Wilf family and related entities c/o Leonard Wilf 820 Morris Turnpike Short Hills, New Jersey 07078	1,167,000 (10)	5.4%

\* Under 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.
- (2) Based on 21,605,141 Shares outstanding as of April 4, 1994.
- (3) Interstate, a partnership of which Messrs. Roth, Wight and Mandelbaum are the general partners, owns 7,021,500 Shares. These Shares are included in the total Shares and the percentage of class for Interstate, Mr. Roth, Mr. Wight and Mr. Mandelbaum, Messrs. Roth, Wight and Mandelbaum share voting power and investment power with respect to these Shares.
- (4) Does not include 18,000 Shares owned by Mr. Roth's wife, as to which Mr. Roth disclaims any beneficial interest.
- (5) Includes 40,000 shares owned by the Wight Foundation, over which Mr. Wight holds sole voting and dispositive power.

(footnotes continued on next page)

*(footnotes continued from previous page)*

- (6) Mr. West and his wife own 1,500 of these Shares jointly. Mr. West holds 9,000 of these Shares in self-directed Keogh accounts.
- (7) Includes 280,422 Shares which could be acquired within 60 days upon exercise of Share options.
- (8) Based on 21,885,563 Shares. This number was arrived at by adding to the total number of Shares outstanding as of April 1, 1994, the number of Shares which could have been acquired within 60 days upon exercise of Share options by persons included in the group.
- (9) Based on a Schedule 13D filed on May 14, 1993 by Frederick Zissu, he owns 1,861,912 Shares. According to the Company's records, he presently owns 1,832,615 shares. Does not include 23,385 Shares owned by Mr. Zissu's wife, as to which Mr. Zissu disclaims any beneficial interest.
- (10) Based on Schedule 13D dated April 10, 1987 (as adjusted for stock splits), filed by a group consisting of members of the Wilf family and related entities, Harry and Joseph Wilf have shared voting and investment power with respect to 743,250 Shares which they jointly own. Judith Wilf, Leonard Wilf, Zygmunt Wilf, and JHW Construction Corp. each own and have sole voting and investment power with respect to 104,250, 45,000, 30,000, and 52,500 Shares, respectively. The Wilf Family Foundation owns the other 112,500 Shares and its trustees, Harry, Joseph, Leonard and Zygmunt Wilf share voting and investment power with respect to such Shares. According to the Company's shareholder records, the Wilf group presently owns Shares as follows: Harry and Joseph Wilf — 403,500 Shares; Judith Wilf — 125,250 Shares; Leonard Wilf — 88,500 Shares; Zygmunt Wilf — 127,500 Shares; JHW Construction Corp. — 52,500 Shares; Mark Wilf — 7,500 Shares; and the Wilf Family Foundation — 362,250 Shares. The Company has been advised that Harry Wilf is deceased.

## EXECUTIVE COMPENSATION

The following table summarizes the compensation paid to or accrued during the past three fiscal years for each of the highest paid executive officers of the Company whose total compensation aggregated \$100,000 or more in 1993 ("Covered Executives").

### Summary Compensation Table

Name and Principal Position	ANNUAL COMPENSATION			LONG TERM COMPENSATION AWARDS
	Year	Salary	Bonus	Options
Steven Roth	1993	\$662,044	\$ 0	0
Chairman and Chief	1992	658,607	0	0
Executive Officer	1991	503,746	0	0
Richard Rowan(1)	1993	\$346,686	\$ 0	79,916(2)
Vice President — Real	1992	333,923	7,500	37,500
Estate	1991	314,430	0	37,500
Joseph Macnow(1)	1993	\$346,888	\$ 0	79,916(2)
Vice President — Chief	1992	334,075	0	37,500
Financial Officer	1991	315,466	0	37,500

- (1) Options are exercisable 25% nine months after grant, and 25% after each of the following six month periods.
- (2) In January 1993, 42,416 share options (adjusted pursuant to the plan's antidilution provisions for the \$3.36 extraordinary dividend in June 1993) were granted for the 1993 year and in December 1993, 37,500 share options were granted for the 1994 year each to Messrs. Rowan and Macnow.

The following table lists all grants of share options and share appreciation rights to the Covered Executives made in 1993 and their potential realizable values, assuming annualized rates of share price appreciation of 5% and 10% over

the term of the grant. The Company has not, to date, granted any share appreciation rights.

### Option Grants in 1993

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Share Price Appreciation for Option Term	
	Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price	Expiration Date	5%	10%
Steven Roth	0	0%	N/A	N/A	N/A	N/A
Richard Rowan (1)	42,416 (3)	15%	\$22.84	1/21/2003	\$609,261	\$1,543,988
	37,500 (2)	13%	\$34.25	12/21/2003	\$807,737	\$2,046,963
Joseph Macnow (1)	42,416 (3)	15%	\$22.84	1/21/2003	\$609,261	\$1,543,988
	37,500 (2)	13%	\$34.25	12/21/2003	\$807,737	\$2,046,963

- (1) Options are exercisable 25% nine months after grant, and 25% after each of the following six month periods.
- (2) These share options were granted in December 1993 for the 1994 year.
- (3) The number of options and the exercise prices have been adjusted to reflect the anti-dilution adjustment made in connection with the Company's extraordinary cash dividend in June 1993.

The following table summarizes all exercises of options during 1993, and the options held at December 31, 1993, by the Covered Executives.

### Aggregated Option Exercises in 1993 and 1993-Year End Option Values

Name	Shares Acquired on Exercise	Value Realized	Number of Unexercised Options at 12/31/93	Value of Unexercised In-The-Money Options at 12/31/93
			Exercisable / Unexercisable	Exercisable / Unexercisable
Steven Roth	0	\$ 0	0/0	0/0
Richard Rowan	159,844	\$3,892,034	102,988 / 79,915	\$1,815,296 / \$500,552
Joseph Macnow	122,254	\$2,991,415	135,010 / 79,915	\$2,637,214 / \$500,552

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## **Employee Retirement Plan**

The Company's employee retirement plan provides retirement benefits to full-time employees of the Company. Benefits under the plan vest upon the completion of five years of service. 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 the plan participation is equal to 1% of the participant's base salary as of December 31 of the year before the participant begins to participate in the plan for each year of the participant's past service. The amount of base salary which may be taken into account for benefit accrual purposes is limited to \$235,840 in 1993 and \$150,000 in 1994 (adjusted in future years to reflect increases in the cost of living) pursuant to the requirements of the Internal Revenue Code.

The amounts shown below are the estimated annual benefits (payable in the form of a life annuity) for each of the Covered Executives payable upon normal retirement at age 65. This amount assumes a maximum base salary for benefit accrual purposes of \$235,840 for 1993 and \$150,000 for 1994 and forward, and that the Covered Executive's service is continued until age 65. Such estimated annual benefit payable to Mr. Roth is \$60,691; to Mr. Rowan, \$53,115; and to Mr. Macnow, \$50,691.

## **Employment Contracts**

Mr. Rowan and Mr. Macnow each have employment agreements expiring December 31, 1994 with the Company. The agreements provide to each of Messrs. Rowan and Macnow an initial annual salary of \$321,750, subject to increases in the second and third years by a factor equal to 125% of the percentage increase in the prior year's consumer price index; use of a corporate automobile, and an undertaking to use best efforts to cause the Compensation Committee of the Board to grant each of them options to purchase 37,500 Shares during each of the three years at a purchase price equal to the fair market value of the stock on the dates the options are granted. The agreements also

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provide that, if the Company should terminate Mr. Rowan's or Mr. Macnow's employment other than for just cause, payment of salary shall continue until the earlier of two years after the date of termination or the employee becoming self-employed or employed with another company. The agreements further provide that if either Mr. Rowan or Mr. Macnow should terminate employment for just cause (defined as change of the employee's responsibility, change in control of the Company or relocation of the Company), such employee will be paid 2.99 times his annual salary and his unvested stock options will vest.

### **Compensation of Trustees**

The Company compensated Messrs. Wight, Mandelbaum and Targan at a rate of \$15,000 per year for serving as a trustee plus \$750 for each meeting of the Board or of any committee of the Board which the particular trustee attends. The Company compensated Stanley Simon and Associates, of which Stanley Simon is the owner, at a rate of \$30,000 per year and Richard West at a rate of \$40,000 per year in addition to \$750 for each meeting. Mr. Roth receives no compensation as a trustee.

### **Compensation Interlocks and Insider Participation in Compensation Decisions**

The Company has a Compensation Committee, consisting of Messrs. Simon, Targan and West, which grants awards under the Company's Omnibus Share Plan and makes all other executive compensation determinations. Mr. Roth is the only officer of the Company who is on the Board. There are no interlocking relationships involving the Company's Board which require disclosure under the executive compensation rules of the Securities and Exchange Commission.

### **Certain Transactions**

During 1993, the Company paid (i) \$177,395 for legal services to the firm of Mandelbaum & Mandelbaum, P.C., of which David Mandelbaum is a member; and (ii) \$68,537 for

legal services to the firm of Schechner and Targan, P.A. of which Ronald Targan is a member.

Frederick Zissu, an 8.5% shareholder and former Chairman of the Board of the Company, had been retained by the Company as a consultant for a four year period, which ended on May 24, 1993, at a rate of \$226,440 per year.

The Company is managing and leasing the seven shopping centers of Interstate. Messrs. Roth, Mandelbaum and Wight are the three general partners of Interstate. Pursuant to a Management Agreement, the Company receives a quarterly fee equal to 4% of minimum rent and percentage rent and other unrelated commissions. The Management Agreement has a term of one year and is automatically renewable unless terminated by either of the parties on sixty days' notice at the end of the term. Although the Management Agreement was not negotiated at arms' length, the Company believes based upon comparable fees charged by other real estate companies, its terms are fair to the Company. For the year ended December 31, 1993 and the period from July 13, 1992 through December 31, 1992, \$912,000 and \$367,000 of management fees were earned by the Company. The Company also employs three former employees of Interstate.

In July 1992, the Company was retained by Alexander's Inc. to act as a special real estate consultant with respect to the leasing or sale of certain assets in connection with Alexander's reorganization proceedings under Chapter 11 of the Bankruptcy Code.

The terms of the retention agreement, which were approved by the Bankruptcy Court on July 31, 1992, provided the Company and another realty consultant with exclusive rights to sell and/or lease the assets of Alexander's through September 21, 1993. The retention agreement continues as to the Company for one year after September 21, 1993 and thereafter, shall automatically renew on a year-to-year basis, terminable by either party at the end of each year on not less than 60 days prior notice. The agreement provides for the Company to generally receive fees based on a percentage of sales proceeds or lease rents, as the case may be.

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The retention agreement terminated as to the other realty consultant on September 21, 1993 and in February 1994, the Company paid the other realty consultant \$262,500 for their existing and future rights to payments under the agreement.

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Subject to the payment of rents by underlying tenants pursuant to leases and to the prior satisfaction of all payments to which certain creditors of Alexander's are entitled under a plan of reorganization (approved by the Bankruptcy Court in September 1993), the Company is due approximately \$9.4 million to be paid over a five year period, for transactions completed to date providing for the leasing of, or the sale of leases on, approximately two-thirds of Alexander's store properties. Of this amount \$500,000 has been paid to the Company and the balance will be payable in an amount not to exceed \$2,500,000 in any calendar year until the present value of such installments (calculated at a discount rate of 9% per annum) paid to the Company equals the amount that would have been paid had it been paid on September 21, 1993 or at the time of a transaction if later.

Interstate owns 1,354,568 shares, or 27.1%, of the common stock of Alexander's and Mr. Roth is a director of Alexander's. The Company owns 113,100 shares, or 2.3% of the common stock of Alexander's and, because of the relationship between Interstate, Mr. Roth and the Company, Interstate and the Company have filed as a "group" with the Securities and Exchange Commission in connection with their respective holdings in Alexander's.

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On December 29, 1992, at the request of the Company's Board, in order to entitle Vornado to a \$10.8 million reduction in income taxes which would be substantially if not entirely lost if such option were exercised in a year in which Vornado had elected tax treatment as a REIT. Mr. Roth exercised a stock option for 1,500,000 shares of the Company's stock. In connection with the exercise, the Company lent Mr. Roth \$15,245,000 in 1992 (\$9,410,000 of the exercise price of \$9,450,000 and \$5,835,000 for withholding taxes which were immediately payable by him) and \$7,000,000 in 1993 for additional taxes payable and granted

him registration rights with respect to such shares. The loan bears interest, payable quarterly, at a rate equal to the broker call rate (5% at December 31, 1993) but not less than the minimum applicable federal rate provided under the Internal Revenue Code and is due on December 29, 1997. On February 4, 1993, as a step in achieving the dilution required to elect tax treatment as a REIT, the Company repurchased 750,000 shares of this stock from Mr. Roth at \$27.17 per share, the closing price on February 3, 1993. This repurchase reduced by 750,000 the number of Shares required to be sold in a public offering to achieve the required dilution. As of December 31, 1992, the Company recorded an expense equal to \$15,650,000, representing the difference between the repurchase price and the option price. The Company paid Mr. Roth \$11,252,500, representing the repurchase price of \$20,375,000, net of repayment of one half of his loan. \$13,122,500 principal amount is presently outstanding under such loans.

The Company has lent Messrs. Rowan and Macnow \$253,000 and \$227,000, respectively, representing amounts owed by such persons in connection with their option exercises. The loans accrue interest at a rate equal to the broker call rate (5% at December 31, 1993) but not less than the minimum applicable federal rate provided under the Internal Revenue Code and are due December 31, 1995.

#### **Information Respecting the Company's Independent Auditors**

The Board has retained Deloitte & Touche to act as independent auditors for the fiscal year ending December 31, 1994. The firm of Deloitte & Touche was engaged as independent auditors for the 1993 fiscal year and representatives of Deloitte & Touche are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

### **Additional Matters to Come Before the Meeting**

The Board does not intend to present any other matters, nor does it have any other information that any other matters will be brought before the Annual Meeting. However, if any other matters properly come before the Annual Meeting, it is the intention of the person named in the enclosed proxy to vote said proxy in accordance with his judgment on such matters.

### **Advance Notice Bylaw**

The Bylaws of the Company provide that in order for a shareholder to nominate a candidate for election as a trustee at an annual meeting of shareholders or propose business for consideration at such meeting, notice must be given to the Secretary of the Company no more than 90 days nor less than 60 days prior to the first anniversary of the preceding year's annual meeting.

### **Shareholder Proposals**

Shareholder proposals for the 1995 Annual Meeting of Shareholders of the Company must be received at the principal executive office of the Company, Park 80 West, Plaza II, Saddle Brook, New Jersey 07662, Attention: Secretary, not later than November 3, 1994, for inclusion in the 1995 proxy statement and form of proxy.

By Order of the Board of Trustees,

SUSAN D. SCHMIDER  
Secretary

April 13, 1994

**It is important that Proxies be Returned Promptly. Therefore, Shareholders are Urged to Fill In, Sign and Return the Accompanying Form of Proxy in the Enclosed Envelope.**



Park 80 West, Plaza II, Saddle Brook, New Jersey 07662