

Section 1: SC 13D/A (AMENDMENT NO. 3)

OMB APPROVAL
OMB Number:.....3235-0145 Expires:December 31, 2005 Estimated average burden hours per form.....15

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 3)*

Information to be Included in Statements Filed Pursuant to Rule 13d-1(a) and
Amendments Thereto Filed Pursuant to Rule 13d-2(a)

Vornado Realty Trust

(Name of Issuer)

Common Shares of Beneficial Interest, \$0.04 par value per share

(Title of Class of Securities)

929042109
(CUSIP Number)

William G. Farrar
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
(212) 558-4000

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

October 3, 2005

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of

securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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Exhibit Index Appears on Page ___

SCHEDULE 13D

CUSIP No. 929042109

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1	NAME OF REPORTING PERSONS. I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Interstate Properties 22-1858622	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) N/A	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION New Jersey	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 7,943,000
	8	SHARED VOTING POWER
	9	SOLE DISPOSITIVE POWER 7,943,000
	10	SHARED DISPOSITIVE POWER
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,943,000	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	<input checked="" type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 5.7%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) PN	

SCHEDULE 13D

1	NAME OF REPORTING PERSONS. I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Steven Roth	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) N/A	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 6,653,617
	8	SHARED VOTING POWER 7,943,000
	9	SOLE DISPOSITIVE POWER 6,653,617
	10	SHARED DISPOSITIVE POWER 7,943,000
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 14,596,617	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	<input checked="" type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 10.0%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN	

SCHEDULE 13D

1	NAME OF REPORTING PERSONS. I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Russell B. Wight, Jr.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY	

4	SOURCE OF FUNDS (SEE INSTRUCTIONS) N/A	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	[]
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 475,500
	8	SHARED VOTING POWER 7,943,000
	9	SOLE DISPOSITIVE POWER 475,500
	10	SHARED DISPOSITIVE POWER 7,943,000
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 8,418,500	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	[X]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6.0%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN	

SCHEDULE 13D

CUSIP No. 929042109

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1	NAME OF REPORTING PERSONS. I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) David Mandelbaum	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) [X] (b) []
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) N/A	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	[]
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY	7	SOLE VOTING POWER 2,818,998
	8	SHARED VOTING POWER 7,943,000

EACH REPORTING PERSON WITH	9	SOLE DISPOSITIVE POWER 2,818,998
	10	SHARED DISPOSITIVE POWER 7,943,000
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 10,761,998	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	[X]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.7%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN	

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Interstate Properties, a partnership organized under the laws of New Jersey ("Interstate"), and Steven Roth, Russell B. Wight, Jr. and David Mandelbaum, each of whom are general partners of Interstate (collectively with Interstate, the "Reporting Persons"), hereby amend their Statement on Schedule 13D filed with respect to the common shares of beneficial interest, par value \$0.04 per share (the "Shares"), of Vornado Realty Trust, a real estate investment trust formed under the laws of the State of Maryland (the "Company"). This Amendment No. 3 to Schedule 13D of the Reporting Persons ("Amendment No. 3") amends the Statement on Schedule 13D of the Reporting Persons filed on May 6, 1993 (the "Initial Schedule 13D"), as amended by Amendment No. 1 to Schedule 13D of the Reporting Persons filed on April 22, 1997 ("Amendment No. 1"), as further amended by Amendment No. 2 to Schedule 13D of the Reporting Persons filed on May 30, 2002 ("Amendment No. 2"), only with respect to those items listed below:

Item 2. Identity and Background.

Item 2 (b)-(c) is hereby amended by deleting and restating the second, third, fourth and fifth sentences thereof as follows:

(b)-(c) Interstate is located at 210 Route 4 East, Paramus, New Jersey 07652. Mr. Roth's business address is 888 Seventh Avenue, New York, New York 10019. Mr. Roth's principal occupation is as a Managing General Partner of Interstate, Chairman of the Board of Trustees and Chief Executive Officer of the Company, and Chairman of the Board of Directors and Chief Executive Officer of Alexander's, Inc. ("Alexander's"). The Company's and Alexander's principal businesses are leasing, managing, developing and redeveloping real estate properties.

Item 5. Interest in Securities of the Issuer.

(a)-(b).

As of the close of business on October 3, 2005, Interstate owned in the aggregate 7,943,000 Shares, which constitutes approximately 5.7% of the outstanding Shares, based on approximately 140,544,021 of such Shares outstanding on September 20, 2005. As general partners of Interstate, Messrs. Roth, Wight and Mandelbaum may be deemed to share the power to vote or to direct the vote or to dispose or to direct the disposition of the 7,943,000 Shares held by Interstate. Subject to the pledge agreement (described in Item 6 of Amendment No.1), as modified as described in Item 6 of Amendment No.2, each partner has the sole power to vote or to direct the vote and to dispose or to direct the disposition of the Shares held by each partner directly or in such partner's charitable foundation.

On October 3, 2005, Mr. Roth owned directly 6,632,717 Shares (which includes options currently exercisable or that will be exercisable within 60 days of the date hereof, for 4,778,687 Shares) and had the right to vote and dispose of 20,900 Shares held in a charitable foundation, for an aggregate of 14,596,617 or 10.0% of the outstanding Shares, which amount includes the Shares held by Interstate. On October 3, 2005, Mr. Wight owned directly 443,700 Shares and had the right to vote and dispose of 31,800 Shares held in a charitable foundation, for an aggregate of 8,418,500, or 6.0% of the outstanding Shares, which amount includes the Shares held by Interstate. On October 3, 2005, Mr. Mandelbaum owned 2,818,998 Shares directly, for an aggregate of 10,761,998 Shares, or 7.7% of the outstanding Shares, which amount includes the Shares held by Interstate. While Interstate and its partners may be considered a group, Interstate disclaims any beneficial ownership of the Shares held by its partners individually and each partner disclaims any beneficial ownership of the Shares held individually by the other partners. The aggregate beneficial ownership of Interstate and its three partners is 17,891,115 Shares, or 12.3% of the outstanding Shares.

(c) During the last 60 days, the following transactions in the Shares were effected by Interstate or any of its three partners:

On September 9, 2005, Mr. Wight disposed of 200 and 4,000 Shares in the open market through a broker-dealer at prices per Share of \$86.98 and \$86.99, respectively, resulting in proceeds of \$365,356.

On September 12, 2005, Mr. Wight disposed of 300 and 5,100 Shares in the open market through a broker-dealer at prices per Share of \$86.87 and \$86.81, respectively, resulting in proceeds of \$468,630.

On September 15, 2005, Mr. Wight disposed of 42,000 Shares in the open market through a broker-dealer at a price per Share of \$86.76 resulting in proceeds of \$3,642,692.

On September 16, 2005, Mr. Wight disposed of 48,400 Shares in the open market through a broker-dealer at a price per Share of \$87.07 resulting in proceeds of \$4,212,424.

On September 19, 2005, a charitable foundation with respect to which Mr. Wight holds voting and dispositive power, disposed of 1,000 Shares in the open market through a broker-dealer at a price per Share of \$87.55 resulting in proceeds of \$87,411.

On September 30, 2005, Mr. Roth disposed of the Shares indicated below in the open market through a broker-dealer at the price per Share indicated below resulting in proceeds of \$2,774,496:

Number of Shares	Price Per Share
100	\$86.58
1,400	\$86.56
6,400	\$86.75
1,100	\$86.76
800	\$86.77
12,500	\$86.74
3,000	\$86.70
5,100	\$86.60
1,600	\$86.62

On October 3, 2005, Mr. Roth disposed of the Shares indicated below in the open market through a broker-dealer at the price per Share indicated below resulting in proceeds of \$10,211,342:

Number of Shares	Price Per Share
400	\$86.30
400	\$86.31
100	\$86.33
3,000	\$86.35
600	\$86.38
200	\$86.41
54,500	\$86.50
800	\$86.51
17,300	\$86.53
400	\$86.54
21,600	\$86.55

1,500	\$86.56
2,200	\$86.57
300	\$86.58
400	\$86.60
500	\$86.61
400	\$86.62
3,500	\$86.65
3,700	\$86.67
200	\$86.68
200	\$86.69
500	\$86.70
1,500	\$86.75
500	\$86.76
600	\$86.77
500	\$86.78
200	\$86.79
500	\$86.80
600	\$86.83
300	\$86.96
100	\$86.97
500	\$87.10

On October 4, 2005, a charitable foundation with respect to which Mr. Wight holds voting and dispositive power, disposed of 1,000 Shares in the open market through a broker-dealer at a price per share of \$88.19 resulting in proceeds of \$88,056.

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Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Item 6 is hereby amended by adding the following paragraphs after the last paragraph thereof:

Mr. Roth has been granted options by Vornado Realty Trust with respect to Shares of Vornado Realty Trust, 4,778,678 of which are exercisable currently or will be exercisable within 60 days of the date hereof. A form of option agreement is filed as Exhibit 6 hereto in connection with this Amendment No. 3. Mr. Roth has also been granted restricted Shares by Vornado Realty Trust. A form of restricted stock agreement is filed as Exhibit 7 hereto in connection with this Amendment No. 3.

Item 7. Material to be Filed as Exhibits.

- Exhibit 1 Stock Pledge Agreement, dated December 29, 1992, between Steven Roth and Vornado Realty Trust, as successor to Vornado, Inc. Incorporated by reference herein from Exhibit No. 1 to Amendment No. 1.
- Exhibit 2 Registration Rights Agreement, dated December 29, 1992, between Steven Roth and Vornado Realty Trust, as successor to Vornado, Inc. Incorporated by reference from Exhibit No. 2 to Amendment No. 1.
- Exhibit 3 Voting Agreement, dated as of December 31, 2001, by and among Interstate Properties, Steven Roth, Michael D. Fascitelli, Robert H. Smith, Robert P. Kogod and Charles E. Smith Commercial Realty L.P. Incorporated by reference herein from Exhibit No. 4 to Amendment No. 2.
- Exhibit 4 Letter Agreement, dated May 29, 2002, from Vornado Realty Trust to Steven Roth. Incorporated by reference herein from Exhibit No. 5 to Amendment No. 2.

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- Exhibit 5 Agreement of Joint Filing, dated as of May 29, 2002, among Interstate Properties, Steven Roth, Russell B. Wight, Jr. and David Mandelbaum. Incorporated by reference herein from Exhibit No. 6 to Amendment No. 2.
- Exhibit 6 Form of Stock Option Agreement for awards pursuant to the Vornado Realty Trust 2002 Omnibus Share Plan. Filed herewith.
- Exhibit 7 Form of Restricted Stock Agreement for awards pursuant to the Vornado Realty Trust 2002 Omnibus Share Plan. Filed herewith

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: October 7, 2005

INTERSTATE PROPERTIES

By: /s/ Steven Roth

 Name: Steven Roth
 Title: Managing General Partner

STEVEN ROTH

/s/ Steven Roth

 Name: Steven Roth

RUSSELL B. WIGHT, JR.

/s/ Russell B. Wight, Jr.

 Name: Russell B. Wight, Jr.

DAVID MANDELBAUM

/s/ David Mandelbaum

 Name: David Mandelbaum

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
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Section 2: EX-99.6 (EXHIBIT 6 -- STOCK OPTION AGMT)

EXHIBIT 6

VORNADO REALTY TRUST 2002 OMNIBUS SHARE PLAN [INCENTIVE/NON-QUALIFIED] STOCK OPTION AGREEMENT

STOCK OPTION AGREEMENT made as of date set forth on Schedule A hereto between Vornado Realty Trust, a Maryland real estate investment trust (the "Company"), and the employee of the Company or one of its affiliates listed on Schedule A (the "Employee").

RECITALS

A. In accordance with the Vornado Realty Trust 2002 Omnibus Share Plan (the "Plan"), the Company desires in connection with the employment of the Employee, to provide the Employee with an opportunity to acquire shares of the Company's common shares of beneficial interest, par value \$.04 per share (the "Common Shares"), and thereby provide additional incentive for the Employee to promote the progress and success of the business of the company and its subsidiaries.

B. Schedule A hereto sets forth certain significant details of the option grant herein and is incorporated herein by reference. Capitalized terms used herein and not otherwise defined have the meanings provided on Schedule A.

NOW, THEREFORE, the Company and the Employee hereby agree as follows:

AGREEMENT

1. GRANT OF OPTIONS: On the terms and conditions set forth below, as well as the terms and conditions of the Plan and subject to adjustment as provided in Section 8 hereof, the Company hereby grants to the Employee the right to purchase (the "Option") an aggregate of such number of Common Shares as is set forth on Schedule A at a purchase price per Common Share equal to the Exercise Price set forth on Schedule A. The Option [is/is not] intended to be "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. TERM OF OPTION: The term of the Option shall be the time period indicated on Schedule A from the date of grant referred to on Schedule A, subject to earlier termination or cancellation as provided in this Agreement.

Except as otherwise permitted under Section 7 hereof, the Option shall not be exercisable unless the Employee shall, at the time of exercise, be an employee of the Company.

3. NON-TRANSFERABILITY OF OPTION: The Option shall not be transferable otherwise than by will or by the laws of descent and distribution, and the Option may be exercised during the Employee's lifetime only by the Employee. More particularly, but without limiting the generality of the foregoing, the Option may not be assigned, transferred (except as provided in the preceding sentence), pledged, or hypothecated in any way (whether by operation of law or otherwise), and shall not be

subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions of the Plan or this Agreement, and any levy of any or similar process upon the Option, shall be null and void and

without effect, and the Compensation Committee of the Company (the “Committee”) may, in its discretion, upon the happening of any such event, terminate the Option forthwith.

4. EXERCISE OF OPTION: Unless terminated pursuant to Section 7 hereof, the Option may be exercised as to not more than the Annual Option Vesting Amount of the aggregate number of Common Shares originally subject thereto commencing on the first Annual Vesting Date following the date of grant. Thereafter, on each Annual Vesting Date and until the expiration of the term of this Agreement (unless earlier terminated or canceled as provided in this Agreement), the Option may be exercised for an additional Annual Option Vesting Amount. To the extent that Schedule A provides for amounts or schedules of vesting that conflict with the provisions of this paragraph, the provisions of Schedule A will govern.

The right to purchase Common Shares pursuant to the Option shall be cumulative. If the full number of Common Shares available for purchase under the Option, to the extent the Option is vested, has not been purchased, the balance may be purchased at any time or from time to time thereafter, but prior to the termination of such Option. The Option shall not, however, be exercisable after the expiration thereof; and except as provided in Section 7 hereof, the Option shall not be exercisable unless the Employee is an employee of the Company at the time of exercise.

The holder of the Option shall not have any rights to dividends or any other rights of a shareholder with respect to the Common Shares subject to the Option until such Common Shares shall have been issued to him (as evidenced by the appropriate entry on the books of a duly authorized transfer agent of the Company), upon the purchase of such Common Shares through exercise of the Option.

Notwithstanding the foregoing or anything to the contrary set forth herein, upon the occurrence of a Change in Control of the Company, the Option shall become vested and immediately exercisable in full. For purposes of this Agreement, a “Change in Control” of the Company means the occurrence of one of the following events:

(i) individuals who, on the date hereof, constitute the Board of Trustees of the Company (the “Incumbent Trustees”) cease for any reason to constitute at least a majority of the Board of Trustees (the “Board”), provided that any person becoming a trustee subsequent to the date hereof whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee; provided, however, that no individual initially elected or nominated as a trustee of the Company as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee;

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(ii) any “person” (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the “Exchange Act”) and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after the date hereof, a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board (the “Company Voting Securities”); provided, however, that an event described in this paragraph (ii) shall not be deemed to be a Change in Control if any of following becomes such a beneficial owner: (A) the Company or any majority-owned subsidiary of the Company (provided that this exclusion applies solely to the ownership levels of the Company or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by the Company or any such majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such (D) any person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) (a) any of the partners (as of the date hereof) in Interstate Properties (“Interstate”) including immediate family members and family trusts or family-only partnerships and any charitable foundations of such partners (the “Interstate Partners”), (b) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (c) any “group” (as described in Rule 13d-5(b)(1) under the Exchange Act) including Interstate Partners, provided that the Interstate Partners beneficially own a majority of the Company Voting Securities beneficially owned by such group (the persons in (a), (b) and (c) shall be individually and collectively referred to herein as, “Interstate Holders”);

(iii) the consummation of a merger, consolidation, share exchange or similar form of transaction involving the Company or any of its subsidiaries, or the sale of all or substantially all of the Company’s assets (a “Business Transaction”), unless immediately following such Business Transaction (a) more than 50% of the total voting power of the entity resulting from such Business Transaction or the entity acquiring the Company’s assets in such Business Transaction (the “Surviving Corporation”) is beneficially owned, directly or indirectly, by the Interstate Holders or the Company’s shareholders immediately prior to any such Business Transaction, and (b) no person (other than the persons set forth in clauses (A), (B), (C), or (E) of paragraph (ii) above or any tax-qualified, broad-based employee benefit plan of the Surviving Corporation or its affiliates) beneficially owns, directly or indirectly, 30% or more of the total voting power of the Surviving Corporation (a “Non-Qualifying Transaction”); or

(iv) Board approval of a liquidation or dissolution of the Company, unless the voting common equity interests of an ongoing entity (other than a liquidating trust) are beneficially owned, directly or indirectly, by the Company’s shareholders in substantially the same proportions as such shareholders owned the Company’s outstanding voting common equity interests immediately prior to such liquidation and such ongoing entity assumes all existing obligations of the Company to Employee under this Agreement.

5. **METHOD OF EXERCISE:** The Option shall be exercisable by written notice specifying the number of Common Shares purchased and accompanied by payment in full in cash or by certified or bank cashier's check payable to the order of the Company, by tender of Common Shares owned by the employee valued at fair market value as of the date of exercise or by a combination of cash and Common Shares. Upon delivery, by hand or by registered mail directed to the Company at its executive offices (currently at 888 Seventh Avenue, New York, NY 10019 Attn: Stock Option Administrator) the Company shall issue the number of Common Shares purchased, which issuance shall, in the event of a hand delivery of the exercise price, occur immediately upon such delivery, provided the holder of the Option shall have given two business days' advance notice of such delivery. In no case may a fraction of a Common Share be purchased or issued pursuant to the exercise of an Option. The Option shall be deemed to have been exercised with respect to any particular Common Shares, if, and only if, the provisions of this Agreement shall have been complied with, in which event the Option shall be deemed to have been exercised on the date on which the notice described above shall have been delivered to the Company. The certificate or certificates of Common Shares as to which the Options shall be exercised shall be registered in the name of the person or persons exercising the Option.

6. **RESTRICTIONS ON COMMON SHARES:** Common Shares issued upon the exercise of the Option shall be issued only to the holder of the Option. Any restrictions upon transfer of Common Shares issued upon the exercise of the Option, which in the opinion of the Company's counsel are required by the Securities Act of 1933, as amended, shall be noted on the certificate thereof by appropriate legend.

7. **TERMINATION OF EMPLOYMENT:** Any Options held by the Employee upon termination of employment shall remain exercisable as follows:

(I) If the Employee's termination of employment is due to death, all unvested Options shall become immediately exercisable in full and shall be exercisable by the Employee's designated beneficiary, or, if none, the person(s) to whom such Optionee's rights under the Option are transferred by will or the laws of descent and distribution for the Applicable Option Exercise Period following the date of death (but in no event beyond the term of the Option), and shall thereafter terminate;

(II) If the Employee's termination of employment is due to disability (as defined in Section 22(e)(3) of the Code, or Section 422(c)(6) of the Code if this Option is intended to be an incentive stock option), all unvested Options shall become immediately exercisable in full and shall be exercisable for the Applicable Option Exercise Period following such termination of employment (but in no event beyond the term of the Option), and shall thereafter terminate;

(III) If the Employee's termination of employment is due to retirement on or after the attainment of age 65, all unvested Options shall become immediately exercisable in full and shall be exercisable for the Applicable Option Exercise Period following such retirement (but in no event beyond the term of the Option), and shall thereafter terminate;

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(IV) If the Employee's termination of employment is for Cause, all Options, to the extent not vested, shall terminate on the date of termination and, all other Options, to the extent exercisable as of the date of shall be exercisable for the Applicable Option Exercise Period, if any, following such termination of employment (but in no event beyond the term of the Option), and shall thereafter terminate; and

(V) If the Employee's termination of employment is for any reason (other than as set forth in clause in (I), (II), (III) or (IV) of this Section 7), all unvested Options shall terminate on the date of termination and, all other Options, to the extent exercisable as of the date of termination, shall be exercisable for the Applicable Option Exercise Period following such termination of employment (but in no event beyond the term of the Option), and shall thereafter terminate. An Employee's status as an employee shall not be considered terminated in the case of a leave of absence agreed to in writing by the Company (including, but not limited to, military and sick leave); provided, that, such leave is for a period of not more than one year or re-employment upon expiration of such leave is guaranteed by contract or statute.

For the purposes of this Section, "Cause" will mean with respect to the Employee, the Employee's: (a) conviction of, or plea of guilty or *nolo contendere* to, a felony pertaining or otherwise relating to his or her employment with the Company; or (b) willful misconduct that is materially economically injurious to the Company or any of its affiliates, in each case as determined in the Company's sole discretion.

8. **RECLASSIFICATION, CONSOLIDATION OR MERGER:** In the event of any change in the outstanding Common Shares by reason of any share dividend or split, recapitalization, merger, consolidation, spin-off combination or exchange of Common Shares or other corporate change, or any distributions to common shareholders other than regular cash dividends, the Committee shall make such substitution or adjustment, if any, as it deems to be equitable, as to the Exercise Price and the number or kind of Common Shares issued or reserved for issuance pursuant to the Plan and to outstanding awards or make such other cash or other distribution as is equitable. If the Company is reorganized or consolidated or merged with another corporation, the Employee shall be entitled to receive options covering shares of such reorganized, consolidated or merged company in the same proportion, at an equivalent price, and subject to the same conditions. For purposes of the preceding sentence the excess of the aggregate fair market value of the shares subject to the Option immediately after the reorganization, consolidation or merger over the aggregate option price of such shares shall not be more than the excess of the aggregate fair market value of all shares subject to the Option immediately before the reorganization, consolidation or merger over the aggregate option price of the shares, and the new Option or assumption of the old Option shall not give the Employee additional benefits which he did not have under the old Option.

9. **APPROVAL OF COUNSEL:** The issuance and delivery of Common Shares pursuant to the Option shall be subject to the reasonable approval by the Company's counsel with respect to compliance with the requirements of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, and the requirements of any national securities exchange upon which the Common Shares may then be listed as in compliance with any other law or regulation, including, but not limited to, Section 856 of the Code.

10. **NO RIGHT TO EMPLOYMENT:** Nothing herein contained shall affect the right of the Company or any subsidiary to terminate the Employee's services, responsibilities and duties at any time for any reason whatsoever.

11. **GOVERNING LAW:** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland, without references to principles of conflict of laws.

12. **SEVERABILITY:** If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not so held invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision not held so invalid, and the rest of such provision, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

13. **HEADINGS:** The headings of paragraphs hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

14. **COUNTERPARTS:** This Agreement may be executed in multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

15. **BENEFITS OF AGREEMENT:** This Agreement shall inure to the benefit of and be binding upon each successor of the Company. All obligations imposed upon the Employee and all rights granted to the Company under this Agreement shall be binding upon the Employee's heirs, legal representatives and successors. The Agreement shall be the sole and exclusive source of any and all rights which the Employee, his heirs, legal representatives or successors may have in respect to the Plan or any Option or Common Shares granted or issued thereunder whether to himself or any other person and may not be amended except in writing signed by the Company and the Employee.

16. **CONFLICT WITH EMPLOYMENT AGREEMENT.** If (and only if) the Employee and the Company or its affiliates have entered into an employment agreement, in the event of any conflict between any of the provisions of this Agreement and any such employment agreement (in particular, but without limitation, with respect to the definition of "Cause") the provisions of such employment agreement will govern. As

further provided in Section 10, nothing herein shall imply that any employment agreement exists between the Employee and the Company or its affiliates.

17. **TAX WITHHOLDING.** The Company has the right to withhold from other compensation payable to the Employee any and all applicable income and employment taxes due and owing with respect to the Options to the extent such amount is required to be paid by the Company (the "Withholding Amount"), and/or to delay delivery of Common Shares until appropriate arrangements have been made for payment of such withholding. In the alternative, the Company has the right to retain and cancel, or sell or otherwise dispose of such number of Common Shares underlying Options as have a market value (determined at date the Withholding Amount becomes payable) approximately equal to the Withholding Amount with any excess proceeds being paid to Employee.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date and year first above written.

VORNADO REALTY TRUST

By: _____

Joseph Macnow, Executive Vice
President - Finance & Administration

[EMPLOYEE]

SCHEDULE A TO OPTION AGREEMENT

(Terms being defined are in quotation marks.)

Date of Option Agreement:

Name of Employee:

Number of Common Shares Subject to Grant:

“Exercise Price”:

Date of Grant:

Term of Option from Date of Grant:

(Check the applicable box to indicate term of Option)

- Ten years
- Five years
-

Vesting Period:

“Annual Vesting Amount”

Insert the number of Options that vest each year or other applicable vesting schedule.

“Annual Vesting Date”(or if such date is not a business day, on the next succeeding business day):

Insert the calendar date of each year on which Options will vest or other appropriate vesting schedule.

“Applicable Option Exercise Period”

Insert the period following termination for which an Option may still be exercised for each event referenced and as cross-referenced to the applicable Section of the Agreement.

Death (Section 7(I)):

Disability (Section 7(II)):

Retirement (Section 7(III)):

Cause (Section 7(IV)):

Other Termination (Section 7(V)):

Initials of Company representative:

Initials of Employee:

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Section 3: EX-99.7 (EXHIBIT 7 -- RESTRICTED STOCK AGREEMENT)

**VORNADO REALTY TRUST 2002 OMNIBUS SHARE PLAN
RESTRICTED STOCK AGREEMENT**

RESTRICTED STOCK AGREEMENT made as of date set forth on Schedule A hereto between VORNADO REALTY TRUST, a Maryland real estate investment trust (the "Company"), and the employee of the Company or one of its affiliates listed on Schedule A (the "Employee").

RECITALS

A. In accordance with the Vornado Realty Trust 2002 Omnibus Share Plan (the "Plan"), the Company desires in connection with the employment of the Employee, to provide the Employee with an opportunity to acquire shares of the Company's common shares of beneficial interest, par value \$0.04 per share (the "Common Shares"), and thereby provide additional incentive for the Employee to promote the progress and success of the business of the Company and its subsidiaries.

B. Schedule A hereto sets forth certain significant details of the share grant herein and is incorporated herein by reference. Capitalized terms used herein and not otherwise defined have the meanings provided on Schedule A.

NOW, THEREFORE, the Company and the Employee hereby agree as follows:

AGREEMENT

1. Grant of Restricted Stock. On the terms and conditions set forth below, as well as the terms and conditions of the Plan, the Company hereby grants to the Employee such number of Common Shares as is set forth on Schedule A (the "Restricted Stock").

2. Vesting Period. The vesting period of the Restricted Stock (the "Vesting Period") begins on the Grant Date and continues until such date as is set forth on Schedule A as the date on which the Restricted Stock is fully vested. On the first Annual Vesting Date following the date of this Agreement and each Annual Vesting Date thereafter the number of shares of Restricted Stock equal to the Annual Vesting Amount shall become vested, subject to earlier forfeiture as provided in this Agreement. To the extent that Schedule A provides for amounts or schedules of vesting that conflict with the provisions of this paragraph, the provisions of Schedule A will govern. Except as permitted under Section 10, the shares of Restricted Stock for which the applicable Vesting Period has not expired may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered (whether voluntary or involuntary or by judgment, levy, attachment, garnishment or other legal or equitable proceeding).

The Employee shall not have the right to receive cash dividends paid on shares of Restricted Stock for which the applicable Vesting Period has not expired. In

lieu thereof, the Employee shall have the right to receive from the Company an amount, in cash, equal to the cash dividends payable on shares of Restricted Stock for which the applicable Vesting Period has not expired, provided the Employee is employed by the Company on the payroll date coinciding with or immediately following the date any such cash dividends are paid on the Restricted Shares.

The Employee shall have the right to vote the Restricted Stock, regardless of whether the applicable Vesting Period has expired.

3. Forfeiture of Restricted Stock. If the employment of the Employee by the Company terminates for any reason except death, the shares of Restricted Stock for which the applicable Vesting Period has not expired as of the date of such termination, shall be forfeited and returned to the Company. Upon the Employee's death, all of the shares of Restricted Stock (whether or not vested) shall become fully vested and shall not be forfeitable. Upon the occurrence of a Change in Control of the Company, any shares of Restricted Stock for which the applicable Vesting Period has not expired, shall become fully vested and shall not be forfeitable. For purposes of this Restricted Stock Agreement, a "Change in Control" of the Company means the occurrence of one of the following events:

(i) individuals who, on the Grant Date, constitute the Board of Trustees of the Company (the "Incumbent Trustees") cease for any reason to constitute at least a majority of the Board of Trustees (the "Board"), provided that any person becoming a trustee subsequent to the Grant Date whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Trustees then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for trustee, without objection to such nomination) shall be an Incumbent Trustee; provided, however, that no individual initially elected or nominated as a trustee of the Company as a result of an actual or threatened election contest with respect to trustees or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Trustee;

(ii) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after the Grant Date, a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that an event described in this paragraph (ii) shall not be deemed to be a Change in Control if any of following becomes such a beneficial owner: (A) the Company or any majority-owned subsidiary of the Company (provided that this exclusion applies solely to the ownership levels of the Company or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by the Company or any such majority-owned subsidiary, (C) any underwriter temporarily holding securities

pursuant to an offering of such securities, (D) any person pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii)), (E) (a) any of the partners (as of the Grant Date) in Interstate Properties (“Interstate”) including immediate family members and family trusts or family-only partnerships and any charitable foundations of such partners (the “Interstate Partners”), (b) any entities the majority of the voting interests of which are beneficially owned by the Interstate Partners, or (c) any “group” (as described in Rule 13d-5(b)(i) under the Exchange Act) including the Interstate Partners (the persons in (a), (b) and (c) shall be individually and collectively referred to herein as, “Interstate Holders”);

(iii) the consummation of a merger, consolidation, share exchange or similar form of transaction involving the Company or any of its subsidiaries, or the sale of all or substantially all of the Company’s assets (a “Business Transaction”), unless immediately following such Business Transaction (a) more than 50% of the total voting power of the entity resulting from such Business Transaction or the entity acquiring the Company’s assets in such Business Transaction (the “Surviving Corporation”) is beneficially owned, directly or indirectly, by the Interstate Holders or the Company’s shareholders immediately prior to any such Business Transaction, and (b) no person (other than the persons set forth in clauses (A), (B), (C), or (F) of paragraph (ii) above or any tax-qualified, broad-based employee benefit plan of the Surviving Corporation or its affiliates) beneficially owns, directly or indirectly, 30% or more of the total voting power of the Surviving Corporation (a “Non-Qualifying Transaction”); or

(iv) Board approval of a liquidation or dissolution of the Company, unless the voting common equity interests of an ongoing entity (other than a liquidating trust) are beneficially owned, directly or indirectly, by the Company’s shareholders in substantially the same proportions as such shareholders owned the Company’s outstanding voting common equity interests immediately prior to such liquidation and such ongoing entity assumes all existing obligations of the Company to Employee under this Restricted Stock Agreement.

4. Certificates. Each certificate issued in respect of the Restricted Stock awarded under this Restricted Stock Agreement shall be registered in the Employee’s name and held by the Company until the expiration of the applicable Vesting Period. At the expiration of each Vesting Period, the Company shall deliver to the Employee (or, if applicable, to the Employee’s legal representatives, beneficiaries or heirs) certificates representing the number of Common Shares that vested upon the expiration of such Vesting Period. The Employee agrees that any resale of the Common Shares received upon the expiration of the applicable Vesting Period shall not occur during the “blackout periods” forbidding sales of Company securities, as set forth in the then applicable Company employee manual or insider trading property. In addition, any resale shall be made in compliance with the registration requirements of the Securities Act of 1933, as amended, or an applicable exemption therefrom, including, without limitation, the exemption provided by Rule 144 promulgated thereunder (or any successor rule).

5. Tax Withholding. The Company has the right to withhold from cash compensation payable to the Employee all applicable income and employment taxes due and owing at the time the applicable portion of the Restricted Stock becomes includible in the Employee’s income (the “Withholding Amount”), and/or to delay delivery of Restricted Stock until appropriate arrangements have been made for payment of such withholding. In the alternative, the Company has the right to retain and cancel, or sell or otherwise dispose of such number of shares of Restricted Stock as have a market value determined at date the applicable shares vest, approximately equal to the Withholding Amount with any excess proceeds being paid to Employee.

6. Certain Adjustments. In the event of any change in the outstanding Common Shares by reason of any share dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change, or any distribution to common shareholders other than regular cash dividends, any shares or other securities received by the Employee with respect to the applicable Restricted Stock for which the Vesting Period shall not have expired will be subject to the same restrictions as the Restricted Stock with respect to an equivalent number of shares and shall be deposited with the Company.

7. No Right to Employment. Nothing herein contained shall affect the right of the Company or any subsidiary to terminate the Employee’s services, responsibilities and duties at any time for any reason whatsoever.

8. Notice. Any notice to be given to the Company shall be addressed to the Secretary of the Company at 888 Seventh Avenue, New York, New York 10019 and any notice to be given the Employee shall be addressed to the Employee at the Employee’s address as it appears on the employment records of the Company, or at such other address as the Company or the Employee may hereafter designate in writing to the other.

9. Governing Law. This Restricted Stock Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland, without references to principles of conflict of laws.

10. Successors and Assigns. This Restricted Stock Agreement shall be binding upon and inure to the benefit of the parties hereto and any successors to the Company and any successors to the Employee by will or the laws of descent and distribution, but this Restricted Stock Agreement shall not otherwise be assignable or otherwise subject to hypothecation by the Employee.

11. Severability. If, for any reason, any provision of this Restricted Stock Agreement is held invalid, such invalidity shall not affect any other provision of this Restricted Stock Agreement not so held invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Restricted Stock Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision not held so invalid, and the rest of such provision, together with all other provisions of this Restricted Stock Agreement, shall to the full extent consistent with law continue in full force and effect.

12. Headings. The headings of paragraphs hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Restricted Stock Agreement.

13. Counterparts. This Restricted Stock Agreement may be executed in multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

14. Miscellaneous. This Restricted Stock Agreement may not be amended except in writing signed by the Company and the Employee. Notwithstanding the foregoing, this Restricted Stock Agreement may be amended in writing signed only by the Company to: (a) correct any errors or ambiguities in this Restricted Stock Agreement; and/or (b) to make such changes that do not materially adversely affect the Employee’s rights hereunder. This grant shall in no way affect the Employee’s participation or benefits under any other plan or benefit program maintained or provided by the Company. In the event of a conflict between this Restricted Stock Agreement and the Plan, the Plan shall govern.

15. CONFLICT WITH EMPLOYMENT AGREEMENT. If (and only if) the Employee and the Company or its affiliates have entered into an employment agreement, in the event of any conflict between any of the provisions of this Agreement and any such employment agreement the provisions of such employment agreement will govern. As further provided in Section 7, nothing herein shall imply that any employment agreement exists between the Employee and the Company or its affiliates.

[signature page follows]

IN WITNESS WHEREOF, this Restricted Stock Agreement has been executed by the parties hereto as of the date and year first above written.

VORNADO REALTY TRUST

By:

Name:
Title:

Employee

SCHEDULE A TO RESTRICTED STOCK AGREEMENT

(Terms being defined are in quotation marks.)

Date of Restricted Stock Agreement:

Name of Employee:

Number of Common Shares Subject to Grant:

Grant Date

Date on Which Restricted Stock is Fully Vested:

Vesting Period:

“Annual Vesting Amount”

Insert the number of Options that vest each year or other applicable vesting schedule.

“Annual Vesting Date”

(or if such date is not a business day, on the next

succeeding business day):

Insert the calendar date of each year on which Options will vest or other appropriate vesting schedule.

Initials of Company representative:

Initials of Employee:

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