

VORNADO REALTY TRUST
Form DEF 14A
April 11, 2014

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

SCHEDULE 14A

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 §240.14a-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)(1) and 0-11.
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VORNADO REALTY TRUST

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND PROXY STATEMENT

2014

888 Seventh Avenue
New York, New York 10019

Notice of Annual Meeting of Shareholders to Be Held on May 22, 2014

To our Shareholders:

The 2014 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 22, 2014, 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 respective 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 the approval of a non-binding, advisory resolution on executive compensation.
- (4) To consider and vote upon certain non-binding shareholder proposals, if properly presented at the meeting.
- (5) To transact any other business as may properly come before the meeting or any postponement or adjournment of the meeting.

The Board of Trustees of the Company has fixed the close of business on March 24, 2014 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 or voting instruction form. Whether or not you plan to attend the meeting, it is important that your shares be represented and voted. You may authorize your proxy by the Internet or by touch-tone phone as described on the proxy card or voting instruction form. Alternatively, you may sign the proxy card or voting instruction form and return it in accordance with the instructions included with the proxy card or voting instruction form. You may revoke your proxy by (1) executing and submitting a later-dated proxy card or voting instruction form, (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 located at 888 Seventh Avenue, New York, New York 10019, or (4) attending the Annual Meeting and voting in person. To be effective, later-dated proxy cards, voting instruction forms, proxies authorized via the Internet or telephone or written revocations of proxies must be received by us by 11:59 P.M., New York City time, on Wednesday, May 21, 2014.

By Order of the Board of Trustees,
Alan J. Rice
Secretary
April 11, 2014

2014 PROXY STATEMENT

VORNADO REALTY
TRUST

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888 Seventh Avenue
New York, New York 10019

PROXY STATEMENT

Annual Meeting of Shareholders to Be Held on May 22, 2014

The accompanying proxy is being solicited by the Board of Trustees (the "Board of Trustees" or the "Board") of Vornado Realty Trust, a Maryland real estate investment trust ("we," "us," "our" or the "Company"), for exercise at our 2014 Annual Meeting of Shareholders (the "Annual Meeting") to be held on Thursday, May 22, 2014, 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 form and our 2013 Annual Report are being distributed and made available on or about April 11, 2014.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the "SEC"), we have elected to provide our shareholders access to our proxy materials on the Internet. Accordingly, a notice of Internet availability of proxy materials will be mailed on or about April 11, 2014 to our shareholders of record as of the close of business on March 24, 2014. Shareholders are able to (1) access the proxy materials on a website referred to in the notice or (2) 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 or about April 11, 2014, to authorize your proxy for your shares through the Internet. If you have not received a copy of this notice of internet availability, please contact our investor relations department at 201-587-1000 or send an e-mail to ircontact@vno.com. If you wish to receive a printed version of these materials, you may request them at www.proxyvote.com or by dialing 1-800-579-1639 and following the instructions at that website or phone number.**

How do you vote?

If you hold your shares of record in your own name, you may vote in person at the Annual Meeting or you may authorize your proxy over the Internet (at 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 timely (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. To be effective, later-dated proxy cards, proxies authorized via the Internet, telephone or written revocations of proxies must be received by us by 11:59 P.M., New York City time, on Wednesday, May 21, 2014.

If you hold your common shares in "street name" (that is, as beneficial owner through a bank, broker or other nominee), your nominee will not vote your shares (other than with respect to the ratification of the appointment of our independent registered public accounting firm) unless you provide instructions to your nominee on how to vote your shares. If you hold shares in "street name," 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 voting instructions. You should instruct your nominee how to vote your shares by following the directions provided by your nominee.

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.

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Who is entitled to vote?

Only shareholders of record as of the close of business on March 24, 2014 are entitled to notice of and to vote at the Annual Meeting. We refer to this date as the "record date." On that date, 187,403,992 of our common shares of beneficial interest, par value \$0.04 per share (the "Shares"), were outstanding. Holders of Shares as of the record date are entitled to one vote per Share on each matter properly presented at the Annual Meeting.

How do you attend the meeting in person?

If you hold your Shares in your own name, you will need only to present evidence of your identity, if asked. If you hold your Shares in "street name" and 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 in person at the Annual Meeting, you will need to contact your bank, broker or other nominee and obtain a legal 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, properly executed and returned, will be voted as directed and, if 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 as to 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, the non-binding, advisory vote on executive compensation or the four non-binding shareholder proposals described below. A broker non-vote is a vote that is not cast on a non-routine matter because the shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the shares on that matter and the broker has not received voting instructions from the beneficial owner.

The election of each of our nominees for Trustee requires a plurality of the votes cast at the Annual Meeting. The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm, the approval of the non-binding, advisory vote on executive compensation, the non-binding shareholder proposal regarding majority voting, the non-binding shareholder proposal regarding the appointment of an independent Chairman, the non-binding shareholder proposal regarding establishing one class of Trustees to be elected annually and the non-binding shareholder proposal regarding restricting the acceleration of equity awards following a change of control each require a majority of the votes cast on such matter at the Annual Meeting.

PROPOSAL 1: ELECTION OF TRUSTEES

TRUSTEES STANDING FOR ELECTION

Our Board currently has 10 Trustees. One of our current Trustees, Mr. Ronald G. Targan, has determined not to stand for election when his term expires this year. Consequently, following our Annual Meeting, our Board will have nine Trustees. On February 20, 2014, our Board, on the recommendation of our Corporate Governance and Nominating Committee, nominated each of Messrs. Michael Lynne, David Mandelbaum and Daniel R. Tisch for election at our Annual Meeting to the class of Trustees to serve until the Annual Meeting of Shareholders in 2017 and until their respective successors are duly elected and qualified. Each of these nominees currently serves as a member 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. To continue to allow the classes of Trustees to be nearly as equal as possible following the departure of Mr. Targan, Mr. Mandelbaum, who is currently in the class of Trustees with a term expiring in 2016 (the "2016 Class"), with the concurrence of the Corporate Governance and Nominating Committee and the full Board, expressed his intention to resign from the 2016 Class effective upon his election as a member of the class of Trustees with a term expiring in 2017 (the "2017 Class"). If Mr. Mandelbaum is not elected as a member of the 2017 Class at the Annual Meeting, his resignation as a Trustee from the 2016 Class will not become effective and he will continue to serve as a member of the 2016 Class.

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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 your signed 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 recommended by our Corporate Governance and Nominating Committee and nominated by the Board. Alternatively, the Board may 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.

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 2017 and until his respective successor has been duly elected and qualified.

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 have no effect on the result of this vote. A broker non-vote will also have no effect on the result of this vote.

The following table lists the nominees and the other present members of the Board who will continue to serve following the 2014 Annual Meeting. Mr. Ronald G. Targan is also currently a member of the Board who will not serve beyond the 2014 Annual Meeting. 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 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 Elected as Trustee
Nominees for Election to Serve as Trustees Until the Annual Meeting in 2017				
Michael Lynne ⁽¹⁾⁽²⁾	72	Principal of Unique Features	2017	2005
David Mandelbaum ⁽¹⁾⁽³⁾⁽⁴⁾	78	A member of the law firm of Mandelbaum & Mandelbaum, P.C.; a general partner of Interstate Properties	2017	1979
Daniel R. Tisch ⁽¹⁾⁽²⁾⁽⁵⁾	62	Managing Member of TowerView LLC	2017	2012
Present Trustees Elected to Serve as Trustees Until the Annual Meeting in 2015				
Steven Roth ⁽⁶⁾	72	Chairman of the Board of Trustees of the Company since May 1989; Chief Executive Officer of the Company from May 1989 to May 2009 and since April 15, 2013; Managing General Partner of Interstate Properties	2015	1979
Michael D. Fascitelli	57	Owner, MDF Capital LLC since June, 2013. From May 2009 to April 15, 2013, President and Chief Executive Officer of the Company	2015	1996
Russell B. Wight, Jr. ⁽¹⁾⁽³⁾⁽⁶⁾⁽⁷⁾	74	A general partner of Interstate Properties	2015	1979
Present Trustees Elected to Serve as Trustees Until the Annual Meeting in 2016				
Candace K. Beinecke ⁽¹⁾⁽³⁾⁽⁶⁾	67	Chair of Hughes Hubbard & Reed LLP	2016	2007
Robert P. Kogod ⁽¹⁾⁽⁵⁾	82	President of Charles E. Smith Management LLC	2016	2002
Dr. Richard R. West ⁽¹⁾⁽²⁾⁽⁵⁾	76	Dean Emeritus, Leonard N. Stern School of Business, New York University	2016	1982

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

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

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

(4) *Mr. Ronald G. Targan, currently a member of the class of Trustees elected to serve until the Annual Meeting in 2014, has determined not to stand for election at this year's Annual Meeting. Our organizational documents require that our classes of Trustees shall be as nearly equal in number as possible. Accordingly, Mr. Mandelbaum, who currently serves as a member of the 2016 Class, will stand for election in Mr. Targan's place as a member of the 2017 Class. If Mr. Mandelbaum is elected at the Annual Meeting in 2014 to serve as a member of the 2017 Class, he will resign from his position as a member of the 2016 Class. If Mr. Mandelbaum is not elected as a member of the 2017 Class at the Annual Meeting, his resignation as a Trustee from the 2016 Class will not become effective and he will continue to serve as a member of the 2016 Class.*

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

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

(7) *Lead Trustee.*

BIOGRAPHIES OF OUR TRUSTEES

Ms. Beinecke has served as Chair of Hughes Hubbard & Reed LLP, a New York law firm, since 1999 and is a practicing partner in Hughes Hubbard's Corporate Department. Ms. Beinecke also serves as Chairperson of the Board of Arnhold & S. Bleichroeder Advisors LLC's 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. Fascitelli has served as a member of our Board of Trustees since December 1996. He served as our President since December 1996 and as our Chief Executive Officer since May 2009 until his resignation from both positions effective April 15, 2013. 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. Until May 23, 2013, he was also a director of Alexander's, Inc. ("Alexander's") (a real estate investment trust) and served as its President until April 15, 2013. From 2004 until 2013 he also served as 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 privately-owned investment firm that is not affiliated with the Company). 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. Lynne has been a principal of Unique Features (a media 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. From 2006 until 2008, Mr. Lynne served on the Board of Directors of Time Warner Cable Inc. (a telecommunications company).

Mr. Mandelbaum has been a member of the law firm of Mandelbaum & Mandelbaum, P.C. since 1960. 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 of Trustees since May 1989 and Chairman of the Executive Committee of the Board since April 1980. From May 1989 until May 2009, Mr. Roth served as our Chief Executive Officer. Since, April 15, 2013 Mr. Roth again serves in that position. 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. Since 2011, Mr. Roth was a director of J. C. Penney Company, Inc. (a retailer) until September 13, 2013. In addition, from 2005 until February 2011, Mr. Roth was a director of Toys "R" Us, Inc.

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.

Mr. Tisch has been the Managing Member of TowerView LLC (a private investment partnership) since 2001. Mr. Tisch also serves as a member of the Board of Directors of Tejon Ranch Company (a real estate development and agribusiness company).

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. Dr. West is also a director of Alexander's.

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

RELATIONSHIPS AMONG OUR TRUSTEES

We are not aware of any 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 each are 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, Wight and Mandelbaum and Dr. West are also directors of Alexander's. Until May 23, 2013, Mr. Fascitelli was also a director of Alexander's. As of the record date, the Company, together with Interstate and its general partners, beneficially owns approximately 59% of the outstanding 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 common shares of the Company or its predecessor have been continuously listed on the NYSE since January 1962 and the Company is subject to the NYSE's Corporate Governance Standards.

The Board has determined that Ms. Beinecke and Messrs. Kogod, Lynne, Mandelbaum, Targan, Tisch and Wight and Dr. West are independent under the Corporate Governance Standards of the NYSE, with the result that eight of our 10 Trustees are independent (seven out of nine following the Annual Meeting). The Board reached this 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 Standards 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 documents:

Audit Committee Charter

Compensation Committee Charter

Corporate Governance and Nominating Committee Charter

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Corporate Governance Guidelines (attached as Annex A)

Code of Business Conduct and Ethics

We have made available on our website (www.vno.com) copies of these documents. We will post any future changes to these documents 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 documents are available free of charge from the Company upon your written request. Requests should be sent to our investor relations department located at our principal executive office.

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

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 seven meetings during 2013. 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 2013.

In addition to full meetings of the Board, non-management Trustees met four times in sessions without members of management present. Mr. Wight, as Lead Trustee, acts as presiding member during these non-management sessions. We do not have a policy with regard to Trustees' attendance at Annual Meetings of Shareholders. All of our Trustees serving at the time of our 2013 Annual Meeting of Shareholders were present at the meeting.

Executive Committee

The Executive Committee possesses and may exercise certain powers of the Board in the direction of the management of the business and affairs of the Company. The Executive Committee consists of three members, Mr. Roth, Ms. Beinecke and Mr. Wight. Mr. Roth is the Chairman of the Executive Committee. The Executive Committee did not meet in 2013.

Audit Committee

The Audit Committee held seven meetings during 2013. During 2013, the members of the Audit Committee were: Dr. West, as Chairman, Mr. Kogod and Mr. Tisch.

The Board has adopted a written Audit Committee Charter, which sets forth the membership requirements and responsibilities of the Audit Committee, among other matters. The Audit Committee Charter is available on our website (www.vno.com). 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 Dr. West 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 this conclusion based on the relevant experience of Dr. West, 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 our quarterly financial statements prior to the filing of each Quarterly Report on Form 10-Q and 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).

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 omnibus share plans. The committee, which held six meetings during 2013, consists of the following members: Mr. Lynne, as Chairman, Dr. West and, from May 23, 2013, Mr. Tisch. All members of the Compensation Committee have been determined by the Board to be independent. The Board has adopted a written Compensation Committee Charter which is available on our website (www.vno.com). The Compensation Committee Charter reflects our Board's early adoption of changes required by the corporate governance rules of the New York Stock Exchange.

Compensation decisions for our executive officers are made by the Compensation Committee. Decisions regarding compensation of other employees are made by our Chief Executive Officer and are subject to review and approval of the Compensation Committee. Compensation decisions for our Trustees are made by the Compensation Committee and/or the full Board.

The agenda for meetings of the Compensation Committee is determined by its Chairman with the assistance of the Company's Secretary and/or other members of management. 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 determination of executive compensation to the Board. The Compensation Committee has authority under its charter to elect, retain and approve fees for, and to terminate the engagement of, compensation consultants, special counsel or other experts or consultants as it deems appropriate to assist in the fulfillment of its responsibilities. The Compensation Committee reviews the total fees paid by us to outside consultants to ensure that such consultants maintain their objectivity and independence when rendering advice to the committee. The Compensation Committee may receive advice from compensation consultants, special counsel or other experts or consultants only after consideration of relevant factors related to their fees, services and potential conflicts of interests, as outlined in the Compensation Committee's Charter.

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 SEC Rule 16b-3; and (ii) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code. Currently, all members of the Compensation Committee meet these criteria.

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 Trustee compensation.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee, which met three times during 2013, consists of Ms. Beinecke, as Chair, and Messrs. Mandelbaum and Wight. Each of Ms. Beinecke and Messrs. Mandelbaum and Wight has been determined by the Board to be independent. The Board has adopted a written Corporate

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Governance and Nominating Committee Charter which is available on our website (www.vno.com). 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 as are set forth below. 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 and our Corporate Governance Guidelines.

LEAD TRUSTEE

On February 20, 2014, our independent Trustees re-appointed Mr. Wight to serve as Lead Trustee for a one-year term. He has served in such capacity since February 2009. The responsibilities and duties of the Lead Trustee are described in our Corporate Governance Guidelines and include:

presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent Trustees;

serving as liaison between the Chairman and the independent Trustees;

consulting with the Chairman as to the schedule of Board meetings and agenda items and materials sent in advance of Board meetings; and

calling meetings of the independent Trustees when appropriate.

CRITERIA AND DIVERSITY

In considering whether to recommend any candidate for election or re-election as a Trustee, including candidates recommended by shareholders, the Corporate Governance and Nominating Committee will apply the criteria set forth in our Corporate Governance Guidelines and considers criteria including:

personal abilities and skills;

personal qualities and characteristics, accomplishments and reputation in the business community;

current knowledge and understanding of our industry, other industries relevant to our business and the communities in which we do business;

ability and willingness to commit adequate time to Board and committee matters;

the fit of the individual's skills with those of other Trustees in building a Board that is effective and responsive to the needs of the Company; and

diversity of viewpoints, experience and other demographics.

Accordingly, in consideration with many other factors, the Committee selects nominees with a broad diversity of abilities, experience, professions, skills and backgrounds. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Company believes that the backgrounds and qualifications of members of our Board of Trustees, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow

the Board to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

We believe our current nominees for the Board of Trustees and the other members of our Board collectively have the abilities, skills and experience to create a board that is well-suited to oversee the management of our Company. Each member has the integrity, business judgment and commitment to our Board and our shareholders that comprise essential characteristics for a Trustee of our Company. Our Trustees also bring to the Board highly developed skills in diverse areas such as finance and investing, accounting, law and the operation of real estate companies and are recognized leaders in their respective fields. In addition, members of the Board have diverse views and experiences that strengthen their ability to guide our Company. Additionally, we believe that the significant shareholdings in our Company held by our Board members are an important factor in aligning our Board's perspective with those of its shareholders in general. All of our Trustees have equity interests in our Company. In addition, all of our Trustees have extensive experience serving on the boards, and/or being at the most senior management level, of other public or private organizations. More specifically, each of Messrs. Roth, Fascitelli, Kogod, Mandelbaum and Wight has extensive experience in the real estate industry generally, and with our Company in particular, and is skilled in the investment in and operation of real estate or real estate companies. Dr. West brings extensive experience in financial and accounting oversight. Each of Messrs. Kogod, Lynne and Tisch has experience leading other companies. Dr. West has had a lengthy career in academia and as a leader of prominent business schools. Ms. Beinecke and Mr. Mandelbaum each have led a law firm and also have substantial experience in advising a wide range of businesses. Mr. Tisch has extensive experience in investing, in the capital markets and in risk management. Our Board greatly benefits from this robust and diverse set of abilities, skills and experience.

LEADERSHIP STRUCTURE

Our Board of Trustees has an active, independent Lead Trustee and the positions of Chairman and Chief Executive Officer are held by the same person, Mr. Roth. At present, our Board believes that this structure is appropriate and that it facilitates independent oversight of management.

THE BOARD'S ROLE IN RISK OVERSIGHT

While risk management is primarily the responsibility of the Company's senior management team, the Board of Trustees is responsible for the overall supervision of the Company's risk management activities. The Board's oversight of the material risks faced by our Company occurs at both the full Board level and at the committee level. The Board's role in the Company's risk oversight process includes receiving reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate "risk owner" within our organization or in connection with other management-prepared presentations of risk to enable the Board (or committee, as applicable) to understand our risk identification, risk management and risk mitigation strategies. By "risk owner," we mean that person or group of persons who is or are primarily responsible for overseeing a particular risk. As part of its charter, the Audit Committee discusses our policies with respect to risk assessment and risk management and reports to the full Board its conclusions as a partial basis for further discussion by the full Board. This enables the Board and the applicable committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. In addition to the Board's review of risks applicable to the Company generally, the Board conducts an annual strategic and personnel review.

* * * * *

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 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).

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PRINCIPAL SECURITY HOLDERS

The following table lists the number of Shares and Units beneficially owned, as of March 24, 2014, 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 "Named Executive Officers" 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 footnotes (1) and (2).

Name of Beneficial Owner	Address of Beneficial Owner	Number of Shares and Units Beneficially Owned⁽¹⁾⁽²⁾	Percent of All Shares⁽¹⁾⁽²⁾⁽³⁾	Percent of All Shares and Units⁽¹⁾⁽²⁾⁽⁴⁾
Named Executive Officers and Trustees				
Steven Roth ⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	(9)	9,446,995	5.02%	4.73%
David Mandelbaum ⁽⁵⁾⁽⁸⁾⁽¹⁰⁾	(9)	9,055,838	4.83%	4.55%
Russell B. Wight, Jr. ⁽⁵⁾⁽⁸⁾⁽¹¹⁾	(9)	6,023,595	3.21%	3.03%
Michael D. Fascitelli ⁽⁷⁾⁽⁸⁾⁽¹²⁾	(9)	2,952,831	1.57%	1.48%
Robert P. Kogod ⁽⁸⁾⁽¹³⁾	(9)	2,057,303	1.09%	1.03%
David R. Greenbaum ⁽⁷⁾⁽⁸⁾⁽¹⁴⁾	(9)	625,079	*	*
Ronald G. Targan ⁽⁸⁾	(9)	610,405	*	*
Wendy A. Silverstein ⁽⁷⁾⁽⁸⁾	(9)	264,515	*	*
Joseph Macnow ⁽⁷⁾⁽⁸⁾⁽¹⁵⁾	(9)	236,096	*	*
Mitchell N. Schear ⁽⁷⁾⁽⁸⁾	(9)	221,921	*	*
Richard R. West ⁽⁸⁾⁽¹⁶⁾	(9)	31,659	*	*
Daniel R. Tisch ⁽⁸⁾	(9)	9,052	*	*
Michael Lynne ⁽⁸⁾	(9)	8,528	*	*
Candace K. Beinecke ⁽⁸⁾	(9)	7,541	*	*
Stephen Theriot ⁽⁸⁾	(9)	3,177	*	*
All Trustees and executive officers as a group (17 persons) ⁽⁷⁾⁽⁸⁾	(9)	20,416,658	10.69%	10.14%
Other Beneficial Owners				
The Vanguard Group, Inc. ⁽¹⁷⁾	100 Vanguard Blvd Malvern, PA 19355	20,137,286	10.75%	10.13%
Vanguard Specialized Funds Vanguard REIT Index Fund ⁽¹⁸⁾	100 Vanguard Blvd Malvern, PA 19355	11,377,987	6.07%	5.72%
Cohen & Steers, Inc. ⁽¹⁹⁾	280 Park Avenue New York, NY 10017	17,545,961	9.36%	8.82%
BlackRock, Inc. ⁽²⁰⁾	40 East 52 nd Street New York, NY 10022	14,281,137	7.62%	7.18%

*Less than 1%.

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- (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 on 187,403,922 Shares and 11,452,229 Units (other than Units held by the Company) outstanding as of March 24, 2014.*
- (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 94% of the Units of, the Operating Partnership as of March 24, 2014 (one Unit for each Share outstanding). 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 5,603,548 Shares. These Shares are included in the total Shares and the percentage of class for each of them. 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 3,873 Shares owned by the Daryl and Steven Roth Foundation over which Mr. Roth holds sole voting power and sole investment power. Does not include 37,299 Shares owned by Mr. Roth's spouse, as to which Mr. Roth disclaims any beneficial interest.*
- (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 735,942; Michael D. Fascitelli 712,313; Joseph Macnow 166,720; David R. Greenbaum 203,342; Mitchell N. Schear 146,447; and Wendy Silverstein 177,661; and all Trustees and executive officers as a group 2,188,487.*
- (8) *The number of Shares beneficially owned includes the following numbers of shares of unvested restricted stock: all Trustees and executive officers as a group 3,058. The voting of these unvested restricted Shares may be directed by the deemed owner. 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 and redeemable restricted units (as described below) as indicated: Steven Roth 67,098; Michael D. Fascitelli 67,098; Joseph Macnow 20,908; David R. Greenbaum 25,693; Mitchell Schear 25,077; Wendy Silverstein 22,633; David Mandelbaum 3,452; Russell B. Wight, Jr. 3,452; Robert P. Kogod 3,452; Ronald G. Targan 3,452; Richard R. West 2,844; Michael Lynne 6,256; Candace K. Beinecke 6,256; Daniel R. Tisch 4,052; and all Trustees and executive officers as a group 268,721. The number of Shares or Units beneficially owned by the following persons does not include the number of unvested or unredeemable restricted units as indicated: Steven Roth 153,770; David Mandelbaum 2,371; Russell B. Wight, Jr.*

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2,371; Michael D. Fascitelli 159,848; Robert P. Kogod 2,371; Ronald G. Targan 2,371; David R. Greenbaum, 56,833; Joseph Macnow 47,009; Mitchell N. Shear 50,153; Wendy Silverstein 74,305; Stephen Theriot 3,196; Richard R. West 2,371; Michael Lynne 2,371; Candace K. Beinecke 2,108; Daniel R. Tisch 1,485; and all Trustees and executive officers as a group 640,935. The number of Shares or Units beneficially owned by the following persons does not include the number of unearned and unvested OPP Units as indicated: Steven Roth 256,103; David R. Greenbaum 62,119; Joseph Macnow 50,488; Mitchell N. Shear 49,703; Wendy Silverstein 50,488; Stephen Theriot 4,578 and all Trustees and executive officers as a group 549,759.

(9) *The address of such person(s) is c/o Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019.*

(10) *Of these Shares, 2,909,252 are held in a partnership of which the general partner is Mr. Mandelbaum and the limited partners are Mr. Mandelbaum and trusts for the benefit of Mr. Mandelbaum and his issue. In addition, 122,002 of these Shares are held in trusts for the benefit of Mr. Mandelbaum's grandchildren.*

(11) *Includes 15,907 Shares owned by the Wight Foundation, over which Mr. Wight holds sole voting power and sole investment power. Does not include 16,575 Shares owned by the spouse and children of Mr. Wight. Mr. Wight disclaims any beneficial interest in these Shares.*

(12) *The number of Shares beneficially owned by Mr. Fascitelli includes 167,537 Shares held by a limited partnership and 105,191 Shares held in a limited liability company and does not include 3,150 Shares owned by his children.*

(13) *Includes 1,201,517 Units held through corporations (individually or jointly with spouse). Excludes 289,424 Shares/Units held by spouse.*

(14) *Includes 49,817 Units held by a limited liability company and 87,827 Shares held in grantor trusts. Excludes 53,960 Shares and 3,040 Units held by his children and 17,566 Units held by his spouse.*

(15) *Excludes 69,080 Shares held by Mr. Macnow's spouse. 99,870 of these Shares are pledged as security for loans from third parties.*

(16) *Dr. West and his wife own 3,231 of these Shares jointly. Also included are 1,433 Shares that may be acquired upon conversion of 1,000 Series A preferred shares of beneficial interest owned by Dr. West.*

(17) *According to an amendment to Schedule 13G filed on February 12, 2014.*

(18) *According to an amendment to Schedule 13G filed on February 4, 2014.*

(19) *According to an amendment to Schedule 13G filed on February 14, 2014.*

(20) *According to an amendment to Schedule 13G filed on January 31, 2014.*

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.

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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 there were no filing deficiencies under Section 16(a) by our Trustees, executive officers and 10% shareholders in the year ended December 31, 2013 (or in 2014, prior to the mailing of this proxy statement) that were not reported in the proxy statement for our 2013 Annual Meeting of Shareholders.

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COMPENSATION DISCUSSION AND ANALYSIS

Approach of this Compensation Discussion and Analysis Section

This Compensation Discussion and Analysis, or "CD&A," describes our executive compensation program for fiscal year 2013, certain elements of our 2014 program and the executive pay philosophy adhered to by our Compensation Committee in making executive compensation decisions. We use our executive compensation program to attract, retain and appropriately reward the members of our senior executive management team who lead our Company. In particular, this CD&A explains how the Compensation Committee made 2013 compensation decisions for our senior executive management team, including the following named executive officers (the "Named Executive Officers" or "NEOs"):

Steven Roth, Chairman and, effective April 15, 2013, our Chief Executive Officer (our "CEO")

Michael D. Fascitelli, President and CEO until April 15, 2013

Stephen W. Theriot, Chief Financial Officer effective June 1, 2013

Joseph Macnow, Executive Vice President, Finance and Administration, and Chief Financial Officer until June 1, 2013 and, thereafter, Executive Vice President Finance and Chief Administrative Officer

David R. Greenbaum, President, New York Division

Mitchell N. Schear, President, Vornado/Charles E. Smith Washington, DC Division

Wendy A. Silverstein, Executive Vice President and Co-Head of Capital Markets and Acquisitions

Under the rules and regulations of the SEC, each year the "Summary Compensation Table" must disclose the salary paid during that year. Because the equity we grant in any one year is awarded in recognition of performance in the prior year, the SEC's approach requires that we disclose our equity awards granted in respect of 2012 performance on the 2013 line in the Summary Compensation Table. Although we believe the most appropriate disclosure of our executive compensation would combine the salary and annual cash compensation granted in 2012 (for instance) with the equity-based compensation paid in 2013 for 2012 performance, the rules and regulations do not permit that. In other words, we grant our annual incentives and equity-based compensation and make our compensation decisions retrospectively in the first quarter of a fiscal year for the actual performance of an executive in the just-then-completed prior year. To more accurately present our compensation information in line with how our decisions are actually made (as described in more detail below under "Comparison of 2011-2013 Total Direct Compensation"), the following discussion of compensation is with respect to both the annual incentive paid in a stated year combined with the equity being granted following the close of that applicable year after performance metrics are determined.

Executive Summary

Performance

During 2013, we recorded strong financial and share price performance results in both absolute and relative terms.

We achieved double-digit total return to shareholders (TSR) of 14.7% and growth in comparable funds from operations of 20.9%.

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Our TSR of 14.7% outperformed both the TSR of the FTSE NAREIT Office Index of 5.6% and the Morgan Stanley REIT Index of 2.5%.

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We made major strategic strides in executing on our simplification and focus plan by selling over \$2.2 billion of non-core or non-strategic assets and by purchasing \$1.5 billion of high-quality assets in Manhattan.

We cut general and administrative expense before severance and deferred compensation expense (which is offset by an equivalent amount of investment income) by 1.9%.

Overview of Compensation Approach

In coordination with a shareholder outreach program, we overhauled our compensation approach in 2012 by (among other changes):

Replacing our discretionary approach to annual bonuses with an annual incentive award that is performance-based with a formulaic threshold and a cap.

Setting a target for our senior management team that 50% of their equity compensation (other than grants subject to time-based vesting in lieu of cash bonus) should be in the form of performance-based equity awards.

Adopting equity ownership guidelines for senior management and our Trustees.

Modifying our equity awards so that all of our annual equity award agreements from 2012 onward provide, or will provide, for "double trigger" acceleration of the vesting of any unvested equity awards in connection with a change of control (previously, awards had a "single trigger").

As an indication of the positive response of our shareholders to these changes, at our 2013 Annual Meeting approximately 98% of the votes cast on our advisory vote on executive compensation were cast FOR our compensation program. Our Compensation Committee considered the results of the 2013 votes and has continued our compensation program design which it believes embodies shareholder-friendly practices.

Shareholder/Governance-Friendly Aspects of the Current Program

WHAT WE DO

ü **Pay for Performance.** We have a heavy emphasis on performance-based compensation. Our annual bonus plan is formula-driven. Both the minimum and maximum amount that may be funded is derived directly from specified quantifications of our Comparable FFO (as defined below) performance. Our annual equity grants are significantly tied to rigorous absolute and relative TSR-performance goals.

ü **Equity Ownership Guidelines.** We require our CEO, other Named Executive Officers and our Trustees to hold equity in the Company equal to 6x, 3x and 4x, respectively, their annual salary or retainer.

ü **Double Trigger Equity Acceleration Upon Change-of-Control.** Beginning with grants made in 2013, we require a "double trigger" for acceleration of grants following a change of control.

ü **Independent Compensation Consultant.** Our Compensation Committee uses the compensation consulting firm of Towers Watson which provides no other services to the Company.

ü **Compensation Risk Assessment.** We conduct an annual compensation risk assessment.

Objectives of Our Executive Compensation Program

We believe that the quality, skills and dedication of our Named Executive Officers are critical factors that affect the long-term value of the Company. Accordingly, one of the fundamental objectives of our Compensation Committee is to ensure we provide a comprehensive compensation program that aids us in our efforts to attract, retain and appropriately reward a "best-in-class" executive management team to achieve continued success in a highly-competitive commercial real estate industry. To better align the interests of our executive officers with those of our shareholders in a pay-for-performance setting, a significant portion of each executive's total compensation is variable through a combination of performance-based, short- and long-term incentives, which are described in more detail below.

In sum, the objectives of our executive compensation program are to:

Retain a highly-experienced, "best-in-class" team of executives who have worked together as a team for a long period of time and who make major contributions to our success.

Attract other highly qualified executives to strengthen that team as needed.

Motivate our executives to contribute to the achievement of company-wide and business-unit goals as well as individual goals.

WHAT WE DON'T DO

Ø **No Golden Parachute for our CEO.** Mr. Steven Roth, our CEO, does not have any contractual severance arrangement with the Company.

Ø **No Gross-Ups for Excess Parachute Payments.** We have never had any arrangements requiring us to gross-up compensation to cover taxes owed by executives, including excise taxes payable upon a change in control.

Ø **No Grant of Time-Vested Options.** We have not granted our senior executives stock options since grants made in 2011 for performance in 2010.

Ø **Limited Retirement Benefits.** We do not maintain a retirement plan other than a 401(k) plan.

Ø **No Excess Perquisites.** We have no supplemental executive retirement plans, club memberships or other significant perquisites other than the use of a company car and driver.

Ø **No repricing of Options.** Our 2010 Omnibus Share Plan does not permit the repricing of options without shareholder approval.

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Emphasize equity-based incentives with long-term performance measurement periods and vesting conditions.

Align the interests of executives with shareholders by linking payouts to performance measures that promote the creation of long-term shareholder value.

Achieve an appropriate balance between risk and reward in our compensation programs that does not encourage excessive or inappropriate risk-taking.

Our executive compensation program is intended to reward the achievement of annual, long-term and strategic goals of both the Company and the individual executive. In order to achieve these intentions, our executive compensation program includes both fixed and variable as well as annual and long-term components as described below. In particular, for our Chairman and CEO, a substantial majority of his compensation (and that of his predecessor as CEO) has been provided in the form of equity compensation subject to multi-year TSR performance (OPP units) and/or time-based vesting provisions designed to ensure that the value of his compensation ultimately realized is based on our share price performance, further aligning his interests with those of the Company and its shareholders.

We believe the effectiveness of our compensation program in creating alignment of management and shareholder interests has contributed to our long-term performance, as evidenced by our TSR for the 10-year period through 2013 of 148.3%, which outperformed the TSR of both the Morgan Stanley REIT Index of 124.1% and the S&P 500 of 104.3% over the same time period. Nonetheless, the aggregate compensation of our CEO for 2013 as reflected in the "Total Direct Compensation Table" in this proxy statement was *up* by 0.1% compared to 2012 and *down* 3.8% as compared to 2011.

How Pay Aligns with Performance

2013 Performance Metrics Considered

For 2013 compensation, among the factors considered, both objectively and subjectively, were the changes in the Company's and the applicable division's operating and performance results during the year (Comparable EBITDA, Comparable FFO and FFO), our TSR for the year, and the factors mentioned below. Increases or decreases in pay and allocations for 2013, 2012 and 2011 of various compensation elements to our Named Executive Officers were based upon the results of these reviews. EBITDA means earnings before interest, taxes, depreciation and amortization, Comparable EBITDA means EBITDA as adjusted to exclude discontinued operations and exclude one-time gains, write-offs and non-real estate related items. FFO means funds from operations as defined by the National Association of Real Estate Investment Trusts (NAREIT). Comparable FFO (or CFFO) means FFO as adjusted to exclude one-time gains, write-offs and non-real estate related items. Each of these metrics is provided in our regular annual and quarterly reports as well as reconciliations to the most comparable metric presented in GAAP. Although non-GAAP metrics, we use these metrics in making our compensation decisions because they facilitate meaningful comparisons in operating performance between periods and among our peers. TSR means our total shareholder return (including dividends) for a given period. Our Comparable EBITDA, Comparable FFO, FFO and TSR for 2013, 2012 and, 2011 are presented below.

Metrics Considered
(amounts in thousands of dollars, other than percentages)

	2013	2012	2011
Comparable EBITDA	1,660,139	1,501,142	1,527,422
Comparable FFO	941,471	778,475	799,108
FFO	641,037	818,565	1,230,973
1-year TSR	14.7%	9.2%	(4.6%)

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In determining annual incentive and long-term equity compensation levels earned for 2013, our Compensation Committee sought to find a balance among (i) appropriately rewarding the significant operational achievements by the Company during the year, as highlighted above, (ii) ensuring annual incentive, long-term equity and total compensation levels were in line with the prevailing competitive market and adequate to address our recruitment and retention needs in a highly-competitive commercial real estate industry where we actively compete for business opportunities and executive talent and (iii) maintaining a balanced compensation program designed to foster alignment of management and shareholder interests in a manner that reflects evolving market "best practices" as well as views of our shareholders. Although the above factors are considered in determining aggregate compensation, no numerical weight is attributed to any one factor.

Alignment of Pay with Performance

While our 2013 performance was strong, our CEO did not seek an increase in his compensation and the Compensation Committee determined not to increase the base salaries of our other Named Executive Officers. Otherwise, our Compensation Committee made compensation decisions for 2013 in line with our pay-for-performance philosophy.

Base salaries were maintained at 2012 levels to focus on the performance-oriented components of compensation.

Our CEO's bonus was paid substantially all in the form of restricted equity.

For our CEO, 50% of his equity grants were in the form of performance-based equity (other than grants subject to time-based vesting in lieu of cash bonus).

For our other NEOs, in the aggregate, 50% of their equity grants were in the form of performance equity (other than grants subject to time-based vesting in lieu of cash bonus).

To demonstrate the alignment of our compensation philosophy with performance, the following chart illustrates how our CEO's Total Direct Compensation (as defined below under " Comparison of 2011-2013 Total Direct Compensation") compares to our Comparable FFO for the applicable year.

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To demonstrate how the mix of our executive pay is designed to align the executive's and shareholders' interests, the following charts show the mixes of our CEO's and NEOs' pay among cash, equity in lieu of cash bonus, annual grants of time-vesting equity and performance-based equity. These numbers reflect the pay of those executives serving for a full year.

CEO Pay Mix (2013)

Other NEO Pay Mix (2013)

How We Determine Executive Compensation

Our Compensation Committee determines compensation for our Named Executive Officers and is comprised of three independent trustees, Michael Lynne (Chairman), Daniel R. Tisch and Dr. Richard R. West. Mr. Tisch joined our Committee on May 23, 2013. Our Compensation Committee exercises independent judgment with respect to executive compensation matters and administers our equity incentive programs, including reviewing and approving equity grants to our executives pursuant to our 2010 Omnibus Share Plan. Our Compensation Committee operates under a written charter adopted by the Board, a copy of which is available on our website (www.vno.com).

We make our compensation decisions generally in the first quarter of a fiscal year. These decisions cover the prior year and are based on the prior year's performance by the Company and/or division or functional area and applicable executive. In addition, in the first quarter of a fiscal year, we establish that year's performance threshold for our formula-based, short-term annual incentive program.

Our decisions on compensation for our Named Executive Officers are based primarily upon our assessment of each executive's leadership, operational performance and potential to enhance long-term shareholder value. For our CEO, this assessment is made by the Compensation Committee. For our other Named Executive Officers, this assessment is initially made by our CEO subject to the review and approval of the Compensation Committee. Prior to 2012, short-term annual incentive awards were based upon a post-year-end analysis of actual performance for the preceding year rather than being based on pre-established targets. However, in 2012 we revised our short-term annual incentive program to provide for a minimum performance threshold for, and a cap on, a bonus pool comprising the aggregate dollar value of annual incentive awards we can make to our senior executive management team. We believe that this method, as opposed to an entirely formulaic method of determining compensation, provides us with the ability to adjust compensation based on a number of performance factors affecting an individual executive within a formulaic cap. It also has the added benefit of reducing the risk to the Company that could potentially be associated with entirely formulaic compensation decisions. Key factors we consider when making annual compensation decisions include: actual performance compared to the financial, operational and strategic goals established for the Company or 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 Comparable EBITDA, FFO, Comparable FFO and TSR for the year; and the executive's 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. These factors may be considered on an absolute and/or relative basis with respect to other companies or indices.

In determining individual pay levels and opportunities, we also consider each executive's current salary and prior-year bonus (or annual incentive award), 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 formulaically tie our compensation decisions to any particular range or level of total compensation paid to executives at these companies.

In addition, we encourage alignment with shareholders' interests through long-term, equity-based compensation. We apportion cash payments and equity incentive awards as we think best in order 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. Typically, persons serving as our Chairman and/or CEO receive a higher proportion of their compensation in the form of equity than other Named Executive Officers who, in turn, receive a higher proportion of their compensation in the form of equity (approximately 50% for each of the last three years) than our other employees. This allocation is based on (1) the relative seniority of the applicable executives and (2) a determination that the applicable executives should have a greater proportion of their compensation in a form that further aligns their interests with those of shareholders. We regularly review our compensation program to determine whether we have given the proper incentives to our Named Executive Officers to deliver superior performance on a cost-effective basis and for them to continue their careers with us.

Role of the Corporate Governance and Nominating Committee, the Compensation Committee, the Chairman and CEO

The Corporate Governance and Nominating Committee of our Board is responsible for evaluating potential candidates for executive positions, including the Chairman and CEO, 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) oversees the administration and implementation of our incentive compensation and other equity-based awards, 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 Chairman and CEO and our other Named Executive Officers. The Compensation Committee evaluates the performance of our Chairman and CEO and sets his compensation. Our Chairman and CEO and the Compensation Committee together assess the performance of our other senior executives and determine their compensation, based on the initial recommendations of our Chairman and CEO. The other Named Executive Officers do not play a role in determining their own compensation, other than discussing individual performance objectives with our Chairman and CEO.

In support of these responsibilities, members of our senior executive management team, 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 such employees.

This process involves multiple meetings among our Chairman and CEO, our Compensation Committee and our Compensation Committee's compensation consultants. Typically, in the third and fourth quarters 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 2013, as has been our historical practice, our Chairman and CEO obtained individual recommendations from division heads as to compensation levels for those persons reporting to the division heads. These recommendations are discussed among our Chairman and CEO and the division heads prior to a recommendation being presented to the Compensation Committee. For our senior executive management team, other than our Chairman and CEO, recommendations are prepared based upon discussions among the Compensation Committee, our Chairman and CEO. These recommendations are based

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upon our objectives described above and may include factors such as information obtained from compensation consultants. Our Chairman and CEO discuss these 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 Chairman and CEO is determined in accordance with a similar process involving direct discussions among the Compensation Committee, our Chairman and CEO and the Compensation Committee's compensation consultants.

Role of Compensation Consultants

Our Compensation Committee has retained Towers Watson & Co. ("Towers Watson") as its independent compensation consulting firm to provide the Compensation Committee with relevant data concerning the marketplace, our peer group and its own independent analysis and recommendations concerning executive compensation. Towers Watson regularly participates in Compensation Committee meetings. Our Compensation Committee has the authority to set Towers Watson's compensation and to replace Towers Watson as its independent outside compensation consultant or hire additional consultants at any time. Towers Watson does not provide any additional services either to our Compensation Committee or otherwise to the Company. In accordance with the requirements of Item 407(e)(3)(iv) of Regulation S-K, the Company, has affirmatively determined that no conflict of interest has arisen in connection with the work of Towers Watson as compensation consultant for the Compensation Committee.

For 2013 compensation decisions, Towers Watson prepared an analysis of compensation levels and performance using the metrics described below at the following companies that it identified as peer companies within the context of the executive pay philosophy of the Compensation Committee: American Tower Corporation; Annaly Capital Management; Boston Properties, Inc.; Brookfield Office Properties Inc.; CB Richard Ellis Group, Inc.; Equity Residential; General Growth Properties, Inc.; HCP, Inc.; Health Care REIT, Inc.; Host Hotels & Resorts, Inc.; Kimco Realty Corporation; ProLogis; Public Storage; Simon Property Group, Inc.; SL Green Realty Corp.; and Ventas, Inc. Our Compensation Committee has elected to use the foregoing executive compensation peer group, as the competitive landscape in which we compete for investment capital and executive talent is comprised of other publicly-traded REITs as well as real estate operating companies. Additionally, as many of our competitors in the markets in which we operate, particularly with respect to our New York and Retail divisions, are asset managers not structured as REITs and private entities such as real estate opportunity funds, sovereign wealth funds and pension funds, among others, our Compensation Committee, from time to time has also evaluated compensation levels and trends amongst our non-public competitors as obtained from surveys and other proprietary data sources.

Consistent with prior years, the Compensation Committee reviewed and discussed the analyses prepared by Towers Watson, and the consensus was that the analyses were useful in indicating that the compensation opportunities awarded to executive officers are in line with the prevailing competitive market. Furthermore, realized awards duly reflect the performance of the Company and shareholder value created.

Analysis of Risk Associated with Our Executive Compensation Program

Our Compensation Committee has discussed the concept of risk as it relates to our executive compensation program and the Compensation Committee does not believe our executive compensation program encourages excessive or inappropriate risk taking for the reasons stated below.

We structure our pay to consist of both fixed and variable compensation. The fixed portion (base salary) of compensation is designed to provide a base level of income regardless of our financial or share price performance.

The variable portions of compensation (cash incentive and equity) are designed to encourage and reward both short- and long-term corporate performance. For short-term performance, cash incentives are awarded based on the formulaic funding of our annual incentive pool and assessments of performance during the prior year. For long-term performance, our options, restricted shares, restricted units, awards under our outperformance plan ("OPP") and other equity awards generally vest over three, four or five years and only have value (in the

case of awards such as options, restricted units or OPP awards) or only increase in value (in the case of awards such as restricted shares) if our Share price increases over time. Furthermore, with regard to grants of OPP awards made since 2013, we require members of senior management to hold the equity received with respect to earned and vested awards for one additional year after they have vested. We believe that these variable elements of compensation are a sufficient percentage of total compensation to provide incentives to executives to produce superior short- and long-term corporate results, while the fixed element is also sufficiently high that the executives are not encouraged to take unnecessary or excessive risks in doing so. We and our Compensation Committee also believe that the mix of formulaic criteria and a non-formulaic evaluation of historic performance and determination of short-term compensation provides an incentive for our executives to produce superior performance without the distorting effects of providing a pre-determinable compensation award based on the performance of only one division or business unit or upon other results that may not reflect the long- or short-term results of the Company as a whole.

As demonstrated above, our executive compensation program is structured to achieve its objectives by (i) providing incentives to our Named Executive Officers to manage the Company for the creation of long-term shareholder value, (ii) avoiding the type of disproportionately large short-term incentives that could encourage our Named Executive Officers to take risks that may not be in the Company's long-term interests, (iii) requiring our Named Executive Officers to maintain a significant investment in the Company, and (iv) evaluating annually an array of performance criteria in determining executive compensation rather than focusing on a singular metric that may encourage unnecessary risk taking. We believe this combination of factors encourages our Named Executive Officers to manage the Company prudently.

Elements of Our Compensation Program

Our Named Executive Officers' compensation currently has three primary components:

annual base salary;

annual incentive awards, which include cash payments and/or awards of equity; and

long-term equity incentives, which may include restricted units, stock options and long-term incentive performance unit awards such as those awarded under our OPP.

The overall levels of compensation and the allocation among these components is determined annually by our Compensation Committee based upon an analysis of the Company's performance during the year and a review of the prevailing competitive market for executive talent in which we operate. Historically, a substantial majority of the total compensation for our CEO has been in the form of long-term equity awards, including performance-based awards subject to relative performance thresholds such as those awarded under our OPP. These longer-term awards further the Compensation Committee's desire to directly align management and shareholder interest and to provide incentives for each executive to successfully implement our long-term strategic goals.

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The components of our compensation program for our senior management can be described as shown in the chart below. As noted below, *each* component of compensation has been capped.

	Objectives	Key Features
Base Salary	Provide an appropriate level of fixed compensation that will promote executive retention and recruitment.	<p>Fixed compensation.</p> <p>No executive receives in excess of \$1,000,000 of salary.</p>
Annual Incentive Awards	<p>Reward achievement of financial and operating goals for a year based on the Compensation Committee's quantitative and qualitative assessment of the executive's contributions to that performance.</p> <p>Provide that a portion of such award be in the form of restricted equity to further align an executive's interests with that of shareholders.</p>	<p>Variable, short-term cash compensation and time-based equity awards.</p> <p>Funded upon the achievement of a threshold CFFO level.</p> <p>Aggregate pool capped at 1.25% of CFFO.</p> <p>Allocated based on objective and subjective Company, business unit and individual performance.</p>
Annual Restricted Equity Grants	<p>Align the interests of our executives with those of our shareholders.</p> <p>Promote the retention of executives with multi-year vesting.</p> <p>Provide stable long-term compensation as a balance to a risk-taking approach.</p>	<p>Equity awards that vest ratably over four years.</p> <p>Awards are capped by the awards available to be issued under our Omnibus Share Plan.</p> <p>Senior management receives Restricted Units which require a two-year hold period (regardless of vesting) and a "book-up" event (typically an increase in Share price) to have value.</p>
Performance-Based, Long-Term Incentive Program	Promote the creation of long-term shareholder value as the awards will only have value if an appropriate TSR is achieved.	Variable, performance-based long-term equity compensation.

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Align the interests of our executives with those of our shareholders.

Amount is earned based on a three-year period of absolute and relative TSR performance.

Promote the retention of executives with multi-year vesting after they are earned.

Vests over three years once (and if) they are earned.

Award capped on value of a fixed number of units and availability under our Omnibus Share Plan.

Annual Base Salary

Base salaries for our Named Executive Officers are established based on the scope of their responsibilities, taking into account the competitive market compensation paid by other companies for similar positions as well as salaries paid to the executives' peers within the Company and any applicable employment agreement. In accordance with our pay-for-performance philosophy, we structure an executive's annual base salary to be a relatively low percentage of total compensation. There were no increases in our Named Executive Officers' base salary levels for 2013 over that of 2012, nor have there been any increases in our Named Executive Officers' base salary levels for the past several years.

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Annual Incentive Awards

In 2012 and again in 2013, our Compensation Committee established an annual incentive program for the senior executive management team that formulaically ties a maximum award pool to achieving a Comparable FFO performance threshold. The Company and our shareholders view Comparable FFO as one of the key operating metrics within the REIT industry and, we believe, a primary driver of long-term TSR performance. Under our annual compensation program, members of our senior executive management team, including all of our Named Executive Officers, will have the ability to earn annual cash incentive payments and/or equity awards if and only if the Company achieves Comparable FFO of at least 80% or more of the prior year Comparable FFO. In the event that the Company fails to achieve Comparable FFO of 80% or more of the prior year Comparable FFO, no incentive payments would be earned or paid under the program. Moreover, even if the Company does achieve the stipulated Comparable FFO performance requirement under the annual incentive program, the Compensation Committee always retains the right, consistent with best practices, to elect to reduce or make no payments under the program. Our Compensation Committee has elected to use Comparable FFO as the primary metric for our annual incentive award rather than total FFO. Comparable FFO excludes the impact of certain non-recurring items such as income or loss from discontinued operations, the sale or mark-to-market of marketable securities or derivatives and early extinguishment of debt, restructuring costs and non-cash impairment losses, among others, and thus the Compensation Committee believes provides a better metric than total FFO for assessing management's performance for the year.

Aggregate incentive awards earned under the annual incentive program by our senior executive management team are subject to a cap of 1.25% of Comparable FFO earned by the Company for the year, with individual award allocations under the program determined by the Compensation Committee based on an assessment of individual and overall performance. Performance criteria evaluated by the Compensation Committee when determining individual incentive awards under the annual incentive program, assuming the Company has achieved the required Comparable FFO performance threshold necessary for our senior executive management team to be eligible to earn incentive awards under the program, will include, among others, the following:

TSR, both on an absolute basis and relative to the performance of the peer group and the REIT industry;

Leasing performance and occupancy levels;

Capital markets performance and maintenance of a strong balance sheet;

Same store EBITDA;

Implementation and achievement of goals, including expense control and adherence to budget; and

Achievement of business unit and/or departmental objectives.

Any awards earned under the annual incentive program are payable in cash and/or equity awards, generally in the first quarter of each year for the prior year's performance.

Additionally, for incentive awards earned for 2013, as part of the strong ownership culture fostered amongst our senior executive management team, our Chairman and CEO was granted his annual incentive awards in the form of restricted units, consistent with prior years, thus further strengthening the alignment of management and shareholder interests.

Long-Term Equity Incentives

Compensation is typically awarded to our Named Executive Officers in the form of long-term equity incentives issued under our 2010 Omnibus Share Plan (as may be amended, the "2010 Plan") through performance-based equity awards such as those that may be earned under our OPP and future out-performance plans, grants of stock options and restricted units. The granting of equity awards links a Named Executive Officer's compensation directly to the performance of our Share price. We believe this encourages our NEOs to make business decisions with an ownership mentality.

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Our OPP. Our OPP was developed with the guidance and input of FTI Consulting, Inc. (a compensation consultant retained by the Company) and Towers Watson. These performance-based awards are earned over a three-year period which is then followed by back-end vesting requirements (during years three, four and five) to act as a retention device and provide a strong incentive to the executives to increase shareholder value long after they performed the services for which the equity awards were initially granted. In particular, the awards provide for immediate cancellation if the executive voluntarily leaves or is terminated with cause, excluding certain outstanding awards held by retirement eligible executives and employees above the age of 65 that generally would be afforded accelerated or *pro rata* vesting upon retirement or other qualifying termination. Furthermore, with regard to grants of OPP awards made in 2014 (for 2013 performance) and 2013 (for 2012 performance), we require members of senior management to hold the equity received with respect to earned and vested awards for one additional year after they have vested.

Our OPP is designed to provide compensation in a "pay for performance" structure. Awards under the OPP are a class of units (collectively referred to as "OPP Units") of the Company's operating partnership, Vornado Realty L.P., issued under our 2010 Plan. If the specific performance objectives of the OPP are achieved, the earned OPP Units become convertible into Class A common units of the operating partnership (and ultimately into 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. OPP Units are intended to also provide recipients with better income tax attributes than grants of options. With regard to awards made in 2013 (for 2012 performance) under our OPP, participants have the opportunity to earn compensation payable in the form of equity if and only if we outperform a predetermined TSR and/or outperform the market with respect to relative TSR in the second and/or third year during a three-year performance period. Specifically, awards made in 2013 (with regard to 2012 performance) under our OPP may potentially be earned if the Company (i) achieves a TSR above that of the SNL US REIT Index (the "Index") over a two-year or three-year performance period (the "Relative Component"), and/or (ii) achieves a TSR level greater than 14% (over the two-year performance period), or 21% (over the three-year performance period) (the "Absolute Component"). Awards made in 2014 (for 2013 performance) under our OPP have a three-year performance period (and no interim earn-out period). To the extent awards would be earned under the Absolute Component but the Company underperforms the Index, such awards earned under the Absolute Component would be reduced (and potentially fully negated) based on the degree to which the Company underperforms the Index. In certain circumstances, if the Company outperforms the Index, but awards would not otherwise be earned under the Absolute Component, awards may still be earned under the Relative Component. Moreover, to the extent awards would otherwise be earned under the Relative Component but the Company fails to achieve at least a 6% per annum absolute TSR level, such awards earned under the Relative Component would be reduced based on the Company's absolute TSR performance, with no awards being earned in the event the Company's TSR during the applicable measurement period is 0% or negative, irrespective of the degree to which we may outperform the Index. If the designated performance objectives are achieved, OPP Units are also subject to time-based vesting requirements. This creates, in the aggregate, up to a five-year retention period with respect to participants in the OPP. Even after achieving the performance thresholds, during the remaining two years until full vesting, the Named Executive Officers will continue to bear the same Share price and total return risk as our shareholders. Share dividend payments on awards issued accrue during the performance period and are paid to participants if and only if awards are ultimately earned based on the achievement of the designated performance objectives. In addition, all of our Named Executive Officers are required to hold any earned OPP awards granted in 2014 (for 2013 performance) and 2013 (for 2012 performance) (or related equity) for one year following vesting. OPP Units awarded in 2013 have not yet been earned. As of March 30, 2014, 40% of the OPP Units awarded in 2012 have been earned.

The following charts show some of the key components of our awards of OPP Units and, for illustration purposes only (and not as a projection of actual performance), present our most recent awards (made in 2014) as if they had been fully earned at January 10, 2017.

Earning and Vesting of OPP Awards

In addition, senior executive officers are required to hold their earned and vested OPP Units for one year following vesting.

Allocation of Wealth Created

On an absolute total shareholder return basis, our OPP is designed to award management with equity at the rate of 2% for every dollar of shareholder value created after returning the first 21% of value created to shareholders over a three-year performance period subject to a \$50 million cap. While the earning of OPP awards not only requires performance under the Absolute Component, but also the Relative Component, for presentation purposes the table below is simplified to present only the results derived under the Absolute Component. Using this simplified format, the table below, illustrates the rate at which OPP Unitholders will share in the increases in shareholder value above the OPP initial share price along with shareholders and other unitholders.

Growth in TSR

**Participation Percentage
in Shareholder Value
Creation under Terms of
the 2014 OPP for:**

	0% to 21%	21% to 35%	Above 35%
Shareholders and unit holders	100%	98%	100%
OPP Unitholders	0%	2%	0%

Stock Options. None of our Named Executive Officers (or any other participant in the OPP) was awarded stock options for 2013, 2012 or 2011 performance. The most recent option award to such executives was in 2011 for 2010 performance. However, other executives who do not receive OPP awards may receive awards of stock options. Stock option awards issued under our 2010 Plan provide our executives the opportunity to purchase Shares at an exercise price determined on the date of grant. Historically, our stock option awards have either been in the form of at-the-money stock options, whereby the option exercise price is equal to the market price of Shares on the date of grant, or in the form of premium stock options, whereby the option exercise price is established at a level above the market price of Shares on the date of grant. In both instances, the market price of Shares must increase to a level above the option exercise price in order for the executives to achieve any value from their stock option awards. Generally, the stock options vest and become exercisable in equal annual installments over a four- or five-year period beginning one year after the date of grant, and remain exercisable for a period of ten years from the date of grant. Our 2010 Plan (i) prohibits the granting of in-the-money stock options and (ii) prohibits, without shareholder approval, the repricing of outstanding stock options that have fallen out of the money. Recipients of stock options do not receive any dividends paid on Shares on their outstanding option awards.

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Restricted Shares and Units. "Restricted shares" are grants of Shares issued under our 2010 Plan that generally vest in three or four 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 three or four 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 in certain circumstances. These circumstances principally include the requirement that Vornado Realty L.P. must have gone through certain tax "book-up" events whereby sufficient profits have been allocated to the restricted units so that they have the same capital account (and value) as Class A common units. In addition, there is a two-year holding requirement. Vornado Realty L.P.'s Class A common units can be redeemed for Shares on a one-for-one basis (or for the equivalent value in cash at the Company's option) with only limited restrictions, such as a 60-day waiting period between the time that a redemption notice is given and the date that Shares may be delivered. 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. Restricted equity awards further contribute in aligning management and shareholder interests, and the multi-year vesting requirements ranging from three to five years aid in our efforts to retain our executives and key employees over the long term. Further, our Compensation Committee believes restricted equity awards are a key component of a balanced equity compensation program, because incorporating time-based restricted equity awards into the equity compensation mix, as opposed to an equity compensation program comprised solely of awards subject to performance-based vesting requirements, ensures that a portion of each executive's equity compensation retains value even in a depressed market and provides executives with a baseline of value that lessens the likelihood that executives will take unreasonable risks to keep their market-based performance equity award vehicles "in the money." Recipients of time-based restricted equity awards receive dividends paid on Shares (or dividend equivalents, as applicable) concurrently with our shareholders.

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"). 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 (whether cash or equity) 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 10 years. In the event of a change of 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

We offer a 401(k) Retirement Plan to all of our employees in which we provide matching contributions (up to 75% of the statutory maximum but not more than 7.5% of cash compensation) that vest over five years. We do not have any other retirement plan. Retirement plans are not a factor in our current compensation determinations.

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Perquisites and Other Compensation

We provide our Named Executive Officers with certain perquisites that we believe are reasonable and in line with the prevailing competitive market. These perquisites include supplemental life insurance and an allowance for financial counseling and tax preparation services for certain Named Executive Officers. Additionally, due to the location of our corporate offices in New York City and the extensive business-related travel requirements of our Named Executive Officers, we provide certain of our Named Executive Officers with the use of a car and/or driver. Providing a car and driver allows these executive officers to use their travel time efficiently and productively for business purposes, including (i) telephonic meetings and (ii) visiting our properties and meeting with our tenants. Accordingly, we believe providing these benefits serves the best interests of our shareholders as it allows our executives to continue to focus on Company matters while traveling. While providing a car and driver does provide incidental personal benefit to the executive, the cost of this personal benefit constitutes only a small percentage of the executive's total compensation. Nevertheless, the amounts disclosed in this proxy statement for car and driver costs include the entire value of the benefit, both business purpose and personal.

Equity Ownership Guidelines

In order to further foster the strong ownership culture among our senior executive management team and ensure the continued direct alignment of management and shareholder interests, and consistent with emerging corporate governance trends, we have adopted executive equity ownership guidelines requiring that our NEOs and other members of our senior executive management team maintain a minimum ownership level of Shares or related Company equity. The equity ownership requirements (comprised of common Shares and certain securities convertible or redeemable for Shares) for our executives are as follows:

Chairman and CEO	6 times his annual base salary
All Other Executive Officers	3 times their annual base salary

Executive officers have five years from the date of becoming an executive officer to satisfy the ownership requirement. All of our Named Executive Officers satisfy these guidelines.

We have also adopted equity ownership guidelines for our Board of Trustees. Under the equity ownership guidelines adopted for our Board of Trustees, all non-employee Trustees are required to maintain a minimum ownership level of Shares equal to at least four times their annual cash retainer. Non-employee Trustees have five years to satisfy the guidelines. All non-employee Trustees currently satisfy these guidelines.

Comparison of 2011-2013 Total Direct Compensation

Under the rules and regulations of the SEC, each year the "Summary Compensation Table" must disclose the salary paid during that year, the annual incentive earned for that year, and the equity-based, long-term incentive granted during that year, which for us represents the equity-based, long-term incentive award earned for the *prior* year. As discussed above, because the equity-based pay we award in the first quarter of each year (similar to the cash bonus paid in the first quarter of each year) was earned in the prior year, the SEC's approach prevents us from showing together all the pay salary, annual cash incentive, and equity-based pay earned for any one year. In order to provide our shareholders with the aggregate amount of compensation earned by each Named Executive Officer for a given calendar year, we are including below a supplemental Total Direct Compensation Table. We believe the Total Direct Compensation Table enables a more meaningful year-over-year compensation comparison than the Summary Compensation Table presented later in this proxy statement. The Total Direct Compensation Table consists of (i) the actual salary paid for the year, (ii) the annual incentives awarded for the year and (iii) the annual grant date fair value of equity grants awarded for service and performance for the year, irrespective of when such amounts ultimately were granted, paid and/or vested. This table illustrates one of the analyses undertaken by our Compensation Committee in determining each element of our Named Executive Officers' compensation for the particular year in light of such executive's performance during the year. We also believe it further demonstrates the ongoing correlation between the executive's pay and overall Company performance.

The principal differences between the Total Direct Compensation Table and the Summary Compensation Table is that the Total Direct Compensation Table shows the value of equity awards in the year to which such grants relate, rather than the year in which such grants were made, as reflected in the Summary Compensation Table. Other companies may calculate Total Direct Compensation differently than we do.

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Direct Compensation Table

The Total Direct Compensation earned by our Named Executive Officers for the 2011-2013 period was as follows:

Name	Year	Salary	Cash Incentive	Grant Date Value of Restricted Unit Awards in Lieu of Cash Bonu	Grant Date Value of Restricted Unit Awards as Long-Term Equity Compensation	Grant Date Value of At-Risk, Multi-Year Performance- Based OPP Awards (1)	Total Direct Compensation (2)
Steven Roth (CEO from 4/15/13)	2013	\$ 1,000,000	\$ 20,900	\$ 950,086	\$ 2,612,563	\$ 2,750,000	\$ 7,333,549
	2012	\$ 1,000,000	\$ 11,400	\$ 950,005	\$ 2,612,535	\$ 2,750,000	\$ 7,323,940
	2011	\$ 1,000,000	\$ 153,323	\$ 950,045	\$ 2,612,525	\$ 2,910,417	\$ 7,626,310
Michael D. Fascitelli (CEO until 4/15/13)	2013	\$ 330,769	\$ 11,400	\$ 273,325	\$ 751,604		\$ 1,367,098
	2012	\$ 1,000,000	\$ 11,400	\$ 950,005	\$ 5,225,069		\$ 7,186,474
	2011	\$ 1,000,000	\$ 153,323	\$ 950,045	\$ 2,612,525	\$ 2,910,417	\$ 7,626,310
Stephen W. Theriot (CFO from 06/01/13)	2013	\$ 538,462	\$ 359,500	\$ 138,627	\$ 138,627	\$ 145,833	\$ 1,321,049
Joseph Macnow (CFO until 06/01/13)	2013	\$ 1,000,000	\$ 520,900	\$ 712,565	\$ 593,804	\$ 625,000	\$ 3,452,269
	2012	\$ 1,000,000	\$ 511,400	\$ 712,524	\$ 475,042	\$ 500,000	\$ 3,198,966
	2011	\$ 1,000,000	\$ 641,695	\$ 475,063	\$ 475,062	\$ 529,167	\$ 3,120,987
David R. Greenbaum	2013	\$ 1,000,000	\$ 820,900	\$ 950,086	\$ 807,556	\$ 850,000	\$ 4,428,542
	2012	\$ 1,000,000	\$ 811,400	\$ 950,005	\$ 570,019	\$ 600,000	\$ 3,931,424
	2011	\$ 1,000,000	\$ 953,323	\$ 712,514	\$ 522,521	\$ 582,083	\$ 3,770,441
Mitchell N. Schear	2013	\$ 1,000,000	\$ 820,900	\$ 950,086	\$ 570,034	\$ 600,000	\$ 3,941,020
	2012	\$ 1,000,000	\$ 811,400	\$ 950,005	\$ 475,043	\$ 500,000	\$ 3,736,448
	2011	\$ 1,000,000	\$ 888,140	\$ 712,514	\$ 475,062	\$ 529,167	\$ 3,604,883
Wendy A. Silverstein	2013	\$ 1,000,000	\$ 520,900	\$ 712,565	\$ 593,804	\$ 625,000	\$ 3,452,269

(1)

Represents the grant date fair value of each Named Executive Officer's allocation in 2014, 2013 and 2012 under the OPP, which is a performance-based program under which participants may earn equity compensation awards if and only if certain absolute and/or relative TSR objectives are achieved in any year during a three-year performance period.

- (2) *Does not include the value of certain perquisites such as financial counseling and tax services, supplemental life insurance or automobile benefits provided to certain of our Named Executive Officers. The value of the perquisites represent a de minimis component of total compensation.*

Current Year Compensation Decisions

As explained above, we make our compensation decisions generally in the first quarter of a fiscal year with respect to the prior year. In addition, in the first quarter of 2014, we established the 2014 performance thresholds for our formula-based short-term annual incentive program.

The compensation levels discussed in this Compensation Discussion and Analysis section are not directly comparable to the amounts presented in the Summary Compensation Table later in this proxy statement for the reasons discussed above under "How We Determine Executive Compensation" and "Comparison of 2011-2013 Total Direct Compensation."

In addition, in the discussion below, when we discuss the "Fair Value" of equity awards, we refer to the "fair value" for such awards determined in accordance with applicable securities and accounting rules (excluding the impact of estimated forfeitures related to service-based vesting conditions). Fair Value is the method used

for presenting values for equity awards in our "Summary Compensation Table" and elsewhere under "Executive Compensation." When we discuss the "Market Value" of equity awards we refer to values based on the market price of our Shares at the date of grant (the values considered by our Compensation Committee in making compensation decisions).

Cash Compensation of Our CEO

Mr. Roth has served as our Chairman and CEO from April 15, 2013. Mr. Roth's base salary of \$1,000,000 was established in March 2001 and has remained unchanged since then. His total cash compensation for 2013, 2012 and 2011 was \$1,020,900, \$1,011,400 and \$1,153,323, respectively. Mr. Roth's short-term annual incentives for 2013, 2012 and 2011 (granted in 2014, 2013 and 2012, respectively) were principally in the form of equity.

Mr. Fascitelli was our President and CEO until April 15, 2013. Mr. Fascitelli's base salary of \$1,000,000 was established in March 2001 and had remained unchanged since then. His total cash compensation for 2013 (for a partial year), 2012 and 2011 was \$342,169, \$1,011,400 and \$1,153,323, respectively. Mr. Fascitelli's short-term annual incentives for 2013, 2012 and 2011 (granted in 2014, 2013 and 2012, respectively) his short-term annual incentives were principally in the form of equity.

Equity Compensation of Our CEO

Mr. Roth's annual incentives (also referred to as bonuses) for 2013, 2012 and 2011 were paid in restricted units having a Fair Value of approximately \$950,000 in each year. The number of restricted units awarded to Mr. Roth in lieu of cash bonus for 2013, 2012 and 2011 were 10,952, 12,033 and 11,911, respectively. For 2013 performance, Mr. Roth was granted (in 2014) long-term equity incentive compensation of 86,314 OPP Units and 30,166 restricted units (collectively having a Market Value of \$5,500,043). The aggregate Fair Value at the date of grant of these OPP and restricted units was \$5,362,563 and represents a 0.001% increase in the aggregate value of long-term equity grants of restricted and OPP units compared to the prior year. For 2012 performance, Mr. Roth was granted (in 2013) long-term equity incentive compensation of 81,461 OPP units and 33,091 restricted units (collectively having a Market Value of \$5,500,028). The aggregate Fair Value at the date of grant of these OPP and restricted units was \$5,362,534 and represented a 2.9% decrease in the aggregate value of long-term equity grants of OPP units and restricted units granted as compared to the prior year. For 2011 performance, Mr. Roth was granted (in 2012) long-term equity incentive compensation of 88,328 OPP units and 32,754 restricted units (collectively having a Market Value of \$5,660,443). The aggregate Fair Value at the date of grant of these OPP and restricted units was \$5,522,942 and represented a 5.6% decrease in the aggregate value of long-term equity grants of OPP units and restricted units granted as compared to the prior year.

Overall, for 2013, Mr. Roth's total compensation (with equity determined at Fair Value) was \$7,333,549, compared to \$7,323,940 in the prior year (a 0.1% increase). For 2012, Mr. Roth's total compensation (with equity determined at Fair Value) was \$7,323,940, compared to \$7,626,310 in the prior year (a 4.0% decrease).

Mr. Roth's salary, incentives and equity awards were based on an evaluation of those factors previously described and were approved by the Compensation Committee. Among the factors considered, both objective and subjective, were the strategic position of the Company, the changes in the Company's operating and performance metrics during the two-year period (EBITDA and Comparable FFO per Share), our TSR during the two-year period 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.

Mr. Fascitelli received a partial annual incentive for 2013. Mr. Fascitelli's annual incentive for 2013 was paid in restricted units having a Fair Value of \$273,325. Mr. Fascitelli's annual incentives for 2012 and 2011 were paid in restricted units having a Fair Value of approximately \$950,000 in each year. The number of restricted units awarded in lieu of cash bonuses for 2013, 2012 and 2011 were 3,462, 12,033 and 11,911, respectively.

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For 2013 performance (a partial year), Mr. Fascitelli was granted (in 2013) long-term equity incentive compensation of 9,520 restricted units (having a Market Value of \$791,160). The aggregate Fair Value at the date of grant of these restricted units was \$751,604. For 2012 performance, Mr. Fascitelli was granted (in 2013) long-term equity incentive compensation of 66,182 restricted units (having a Market Value of \$5,500,055). The aggregate Fair Value at the date of grant of these restricted units was \$5,225,069 and represented a 5.4% decrease in the aggregate value of long-term equity grants of restricted and OPP units compared to the prior year. For 2011 performance, Mr. Fascitelli was granted (in 2012) long-term equity incentive compensation of 88,328 OPP units and 32,754 restricted units (collectively having a Market Value of \$5,660,443). The aggregate Fair Value at the date of grant of these OPP and restricted units was \$5,522,942 and represented a 5.6% decrease in the aggregate value of long-term equity grants of OPP units and restricted units granted as compared to the prior year.

Overall, for 2013, Mr. Fascitelli's total compensation (with equity determined at Fair Value) was \$1,367,098 (for a partial year), compared to \$7,186,474 in the prior year. For 2012, Mr. Fascitelli's total compensation (with equity determined at Fair Value) was \$7,186,474, compared to \$7,626,310 in the prior year (a 5.8% decrease).

Basis for Compensation of Other Named Executive Officers

For our other Named Executive Officers (Messrs. Theriot, Macnow, Greenbaum and Schear and Ms. Silverstein), such executive's salary, annual incentive and long-term equity awards were based on an evaluation of those factors previously described and were approved by the Compensation Committee. Among the factors considered, both objectively and subjectively, were the strategic position of the Company, the changes in the Company's operating and performance metrics during the two-year period (Comparable EBITDA and Comparable FFO per Share), our TSR during the two-year period and the other factors previously mentioned. With regard to Messrs. Theriot (our Chief Financial Officer since June 1, 2013) and Macnow (our Chief Financial Officer until June 1, 2013), we considered these factors as they apply to our Company as a whole as their responsibilities are company-wide. For Messrs. Greenbaum and Schear and Ms. Silverstein, we also considered these factors as they pertain to the division which such executive heads or co-heads. Mr. Greenbaum is President New York Division, Mr. Schear is President Vornado/Charles E. Smith Washington, DC Division and Ms. Silverstein is Executive Vice President, Co-Head of Capital Markets and Acquisitions. In all cases, these factors were considered as a whole and no numerical weight was attributed to any particular factor. In the aggregate, total compensation (with equity determined at Fair Value) awarded to these Named Executive Officers for 2013 increased by 2.7% as compared to the prior year.

Other Compensation Policies and Practices

Equity Grant Practices

All of our equity-based compensation awards are made under our 2010 Plan which our shareholders approved in 2010. At the time of its adoption, the 2010 Plan provided that we were able to issue up to 6,000,000 Share equivalents with each award of a Share (or other securities that have the value equivalent to one Share when earned or vested) counting as one Share equivalent and each award of an option to acquire our Shares (or other securities that by their terms require the payment of an exercise price or deduction of a strike price) counting as one-half of a Share equivalent. Under the 2010 Plan, the exercise price of each stock option awarded to our senior executive management team must be (or must have been) no less than the average of the high and low price of 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 executive management team 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 and our 2010 Plan does not permit repricing of options without shareholder approval.

Employment, Severance and Change of Control Agreements

We do, from time to time, enter into employment agreements with some members of our senior executive management team. Otherwise, our senior executive management team 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 executive management team 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 incentive. In addition, the agreements evidencing awards granted in prior years under the Company's omnibus share plans generally provide that equity grants will vest automatically on a change of control. Commencing with 2012 grants, the agreements evidencing awards under the 2010 Plan provide for the satisfaction of a "double trigger" as a condition to the acceleration of the vesting of any unvested equity awards. These change of control arrangements are designed to compensate management in the event of a termination following 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 the Named Executive 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 Named Executive Officers for 2013 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 Board of Trustees of Vornado Realty Trust, a Maryland real estate investment trust (the "Company"), has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the Securities and Exchange Commission 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, 2013.

The Compensation Committee of the Board of Trustees:
MICHAEL LYNNE
DANIEL R. TISCH
DR. RICHARD R. WEST

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EXECUTIVE COMPENSATION

The following table sets forth (in accordance with the reporting requirements of the SEC) the compensation of each of the Company's Chief Executive Officer, Chief Financial Officer and the three other most highly-compensated executive officers for 2013, 2012 and 2011 (the "Named Executive Officers"). Effective as of April 15, 2013, Mr. Michael D. Fascitelli resigned from his positions as President and Chief Executive Officer and Mr. Steven Roth has served as Chairman and Chief Executive Officer.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Cash Bonus (\$)(1)	Restricted Share/Unit Awards (\$)(2)	Option Awards (\$)(2)	Non- Equity Incentive Plan Compensation (\$)(3)	Changes in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(4)	Total (\$)
Steven Roth	2013	1,000,000	20,900	6,312,540				329,308	7,662,748
Chairman and	2012	1,000,000	11,400	6,472,987				303,168	7,787,555
Chief									
Executive Officer	2011	1,000,000	153,323	3,800,098	2,999,939			292,160	8,245,520
since 04/15/13									
(Current Principal									
Executive Officer)									
Michael D.									
Fascitelli	2013	330,769	11,400	7,200,003				135,353	7,677,525
President and Chief	2012	1,000,000	11,400	6,472,987				242,134	7,726,521
Executive Officer	2011	1,000,000	153,323	3,800,098	2,999,939			265,726	8,219,086
until									
04/15/13 (Former									
Principal Executive									
Officer)									
Stephen W. Theriot									
Chief Financial	2013	538,462	359,500					7,552	905,514
Officer since									
06/01/13 (Current									
Principal Financial									
Officer)									
Joseph Macnow									
	2013	1,000,000	520,900	1,687,566				328,226	3,536,692
Executive Vice	2012	1,000,000	511,400	1,479,292				323,280	3,313,972
President									
Finance and Chief	2011	1,000,000	641,695	950,024	500,008	3,719		312,367	3,407,813
Administrative									
Officer (Principal									
Financial Officer									
until 06/01/13)									

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David R. Greenbaum	2013	1,000,000	820,900	2,120,024			247,235	4,188,159
President New York	2012	1,000,000	811,400	1,817,118		3,044	246,722	3,878,284
Division	2011	1,000,000	953,323	1,187,487	500,008		272,795	3,913,613
Mitchell N. Schear	2013	1,000,000	820,900	1,925,048			96,232	3,842,180
President Vornado/	2012	1,000,000	811,400	1,716,743			106,047	3,634,190
Charles E. Smith	2011	1,000,000	888,140	1,282,524	500,008		89,677	3,760,349
Washington, DC								
Division								
Wendy A. Silverstein	2013	1,000,000	520,900	3,777,609			58,050	5,356,559
Executive Vice President Co- Head of Capital Markets and Acquisitions								

(1)

The information provided includes cash bonuses for services that are rendered in the year indicated and are awarded in the first quarter of the next succeeding year.

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(2)

Information presented in this table includes the value of grants of Restricted Units in lieu of cash bonuses, Restricted Units and OPP Units in lieu of cash bonuses made during the applicable period. Information presented in these columns reflect the aggregate grant date fair value of equity awards granted in the applicable fiscal year computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in footnote 15 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. Pursuant to the rules and regulations of the SEC, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Dividends are paid on both the vested and unvested portion of restricted share and restricted unit awards. In accordance with applicable SEC rules, amounts shown include the impact of bonuses paid in equity in the year actually granted. For the Named Executive Officers, the Restricted Share/Unit Awards set forth above reflect the grant of equity-based bonuses in lieu of cash in 2013, 2012 and 2011, respectively, in the following amounts: Mr. Roth \$950,005, \$950,045 and \$950,000; Mr. Fascitelli \$950,005, \$950,045 and \$950,000; Mr. Macnow \$712,524, \$475,063 and \$475,000; Mr. Greenbaum \$950,005, \$712,514 and \$712,500; Mr. Schear \$950,005, \$712,514 and \$807,500; and Ms. Silverstein \$712,524.

(3)

Represents awards for long-term service with the Company.

(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 Supplemental		Reimbursement		Tax and Financial Planning Assistance	Matching	Total
		Car and Driver (\$)(1)	Life Insurance Premiums (\$)	For Medical / Dental Not Covered (\$)	Severance (\$)	Per Employment Contract (\$)	401(k) Contribution (\$)	
Steven Roth	2013	260,562	51,496				17,250	329,308
	2012	237,262	49,031				16,875	303,168
	2011	226,599	49,061				16,500	292,160
Michael D. Fascitelli	2013	103,103				15,000	17,250	135,353
	2012	190,004	20,255			15,000	16,875	242,134
	2011	216,101	18,125			15,000	16,500	265,726
Stephen W. Theriot	2013		4,525				3,027	7,552
	2013	170,116	125,860			15,000	17,250	328,226
	2012	165,545	125,860			15,000	16,875	323,280
	2011	155,007	125,860			15,000	16,500	312,367
David R. Greenbaum	2013	169,077	35,908	10,000		15,000	17,250	247,235
	2012	171,188	33,659	10,000		15,000	16,875	246,722
	2011	201,026	30,269	10,000		15,000	16,500	272,795
Mitchell N. Schear	2013	43,086	25,896	10,000			17,250	96,232

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	2012	53,276	25,896	10,000		16,875	106,047
	2011	52,824	10,353	10,000		16,500	89,677
Wendy A. Silverstein	2013	21,572	9,573		13,780	13,125	58,050

(1)

For each applicable fiscal year, certain of the Named Executive Officers were provided with a car and (for Messrs. Roth, Fascitelli, Macnow and Greenbaum) a driver. Each such Named Executive Officer 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. See also, "Certain Other Transactions or Relationships" for additional information regarding certain of our Named Executive Officers.

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Grants of Plan-Based Awards in 2013

The following table lists all grants of plan-based awards to the Named Executive Officers made in 2013 and their grant date fair value.

Name	Grant Date	All Other Share/Unit Awards: Number of Shares of Stock or Units ⁽¹⁾	All Other Option Awards: Number of Securities Underlying Options ^(#)	Exercise or Base Price of Option Awards ⁽²⁾ (\$/Sh)	Grant Date Fair Value of Awards ⁽³⁾ (\$)
Steven Roth	3/15/13	126,585			6,312,540
Michael D. Fascitelli	3/15/13	91,197			7,200,003
Stephen W. Theriot					
Joseph Macnow	3/15/13	29,853			1,687,566
David R. Greenbaum	3/15/13	37,027			2,120,024
Mitchell N. Shear	3/15/13	32,861			1,925,048
Wendy A. Silverstein	3/15/13	56,326			3,777,609

(1)

The information presented in this column represents the number of restricted units and OPP units that were granted to the Named Executive Officers. 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 January 10, 2014, the Named Executive Officers were granted the following numbers of restricted units and OPP Units, respectively (for services rendered in 2013): Steven Roth, 41,068, and 86,314; Michael D. Fascitelli, 0 and 0; Stephen W. Theriot, 3,196 and 4,578; Joseph Macnow, 15,059 and 19,617; David R. Greenbaum, 20,261 and 26,679; Mitchell N. Shear, 17,523 and 18,832; and Wendy A. Silverstein, 15,059 and 19,617. A portion of these grants represents the grant of restricted units in lieu of cash bonus. The restricted units vest ratably over four years. The awards of OPP Units, if earned, vest ratably in the third, fourth and fifth year from the date of grant.

(2)

No options were granted to the Named Executive Officers in 2012, 2013 or 2014.

(3)

The amounts presented in this column represent the full grant date fair value of equity awards (calculated pursuant to FASB ASC Topic 718) granted to the Named Executive Officers in 2013. Pursuant to the rules and regulations of the SEC, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The grant date fair value, including the impact of estimated forfeitures related to service-based vesting conditions, is the amount we would expense in our consolidated financial statements over the award's vesting schedule. For additional information on our value assumptions, refer to footnote 15 of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013, 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, 2013 and the aggregate option exercises in 2013 by, and shares that vested in 2013 for, the Named Executive Officers. Pursuant to the terms of our omnibus share plans, 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 Grant Date	Option Awards				Share and Unit Awards			
	Number of Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Steven Roth								
3/15/13 ⁽¹⁾					45,124	4,006,560	81,461	7,232,922
3/30/12 ⁽¹⁾					33,499	2,974,376	88,328	7,842,643
2/28/11 ⁽²⁾	69,025	69,024	90.49	2/27/21	21,812	1,936,687		
3/11/10 ⁽²⁾	157,315	52,439	71.64	3/11/20	18,944	1,682,038		
2/27/09 ⁽³⁾	243,194	60,798	33.37	2/27/19	14,915	1,324,303		
2/8/05 ⁽³⁾	118,659		69.38	2/8/15				
Michael D. Fascitelli⁽⁴⁾								
3/15/13 ⁽¹⁾					91,197	8,097,382		
3/30/12 ⁽¹⁾					33,499	2,974,376		
2/28/11 ⁽²⁾	69,025	69,024	90.49	2/27/21	21,182	1,880,750		
3/11/10 ⁽²⁾	157,315	52,439	71.64	3/11/20	18,944	1,682,038		
2/27/09 ⁽³⁾	243,194	60,798	33.37	2/27/19	14,915	1,324,303		
2/8/05 ⁽³⁾	95,030		69.38	2/8/15				
Stephen W. Theriot⁽⁵⁾								
Joseph Macnow								
3/15/13 ⁽¹⁾					15,042	1,335,579	14,811	1,315,069
3/30/12 ⁽¹⁾					8,934	793,250	16,060	1,425,967
2/28/11 ⁽²⁾	11,504	11,504	90.49	2/27/21	5,453	484,172		
3/11/10 ⁽²⁾	67,485	22,495	71.64	3/11/20	8,610	764,482		
2/27/09 ⁽³⁾	32,425	8,107	33.37	2/27/19	3,616	321,065		
2/8/05 ⁽³⁾	18,952		69.38	2/8/15				

(table continued on following page)

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Option Awards					Share and Unit Awards			
					Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	
Name and Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Not Exercisable	Exercise Price (\$)	Expiration Date	Number of Shares or Units That Have Not Vested	Market Value of Shares or Units That Have Not Vested (\$)	Number of Shares, Units or Other Rights That Have Not Vested	Market Value of Shares, Units or Other Rights That Have Not Vested (\$)
David R. Greenbaum								
3/15/13 ⁽¹⁾					19,253	1,709,474	17,774	1,578,153
3/30/12 ⁽¹⁾					11,613	1,031,118	17,666	1,568,564
2/28/11 ⁽²⁾	11,505	11,503	90.49	2/27/21	6,816	605,193		
3/11/10 ⁽²⁾	89,904	29,969	71.64	3/11/20	10,335	917,645		
2/27/09 ⁽³⁾	32,425	8,107	33.37	2/27/19	4,208	373,628		
2/8/05 ⁽³⁾	25,681		69.38	2/8/15				
Mitchell N. Schear								
3/15/13 ⁽¹⁾					18,050	1,602,660	14,811	1,315,069
3/30/12 ⁽¹⁾					11,167	991,518	16,060	1,425,967
2/28/11 ⁽²⁾	11,504	11,504	90.49	2/27/21	7,362	653,672		
3/11/10 ⁽²⁾	75,618	29,968	71.64	3/11/20	10,335	917,645		
2/27/09 ⁽³⁾	8,108	8,106	33.37	2/27/19	3,616	321,065		
2/8/05 ⁽³⁾	7,391		69.38	2/8/15				
Wendy A. Silverstein								
3/15/13 ⁽¹⁾					41,515	3,686,117	14,811	1,315,069
3/30/12 ⁽¹⁾					8,934	793,250	16,060	1,425,967
2/28/11 ⁽²⁾	11,504	11,504	90.49	2/27/21	5,453	484,172		
3/11/10 ⁽²⁾	89,904	29,969	71.64	3/11/20	10,335	917,645		
2/27/09 ⁽³⁾	32,425	8,107	33.37	2/27/19	3,616	321,065		

(1)

The awards under the column entitled "Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested" are awards of OPP Units. OPP Units awarded on March 15, 2013 and March 30, 2012 will not have any value unless specified performance criteria are met and specified criteria for converting and/or redeeming units for Shares are also met. As of December 31, 2013, these criteria had not been met. In accordance with applicable SEC rules, the values presented in the table for these OPP Units are calculated based on our year-end Share price as if the performance, converting and redemption conditions for these units had been met as of that date. The awards under the column entitled "Number of Shares or Units That Have Not Vested" vest ratably over four years from the date of grant.

(2)

These awards vest ratably over four years from the date of grant.

(3)

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

(4)

Mr. Fascitelli was our President and Chief Executive Officer until April 15, 2013. Mr. Fascitelli continues to serve on our Board. Equity awards granted to him while he was an executive that remained unvested at the time of his departure continue to vest in accordance with their original terms during his service as a Trustee.

(5)

Mr. Theriot, who joined the Company as Chief Financial Officer on June 1, 2013, did not have any equity awards outstanding at December 31, 2013.

38 VORNADO REALTY TRUST 2014 PROXY STATEMENT
Aggregated Option Exercises in 2013 and Units Vested

Name	Shares Acquired on Exercise (#)	Option Awards		Unit Awards	
		Value Realized on Exercise (\$)(1)	Number of Units Acquired on Vesting (#)(2)	Value Realized on Vesting (\$)(1)(2)	
Steven Roth			55,931	4,611,511	
Michael D. Fascitelli			55,931	4,611,511	
Stephen W. Theriot					
Joseph Macnow			17,930	1,478,329	
David R. Greenbaum					

Generally, the Company will be entitled to a tax deduction in an amount equal to the amount recognized as ordinary income by the participant in connection with the exercise of options and SARs. However, the Company is generally not entitled to a tax deduction relating to amounts that represent a capital gain to a participant. Accordingly, if the participant satisfies the requisite holding period with respect to an incentive stock option before disposition to receive the favorable tax treatment accorded incentive stock options, the Company will not be entitled to any tax deduction with respect to an incentive stock option. In the event the participant has a disqualifying disposition with respect to an

incentive stock option, the Company will be entitled to a tax deduction in an amount equal to the amount that the participant recognized as ordinary income.

Restricted and Unrestricted Stock and Phantom Stock Unit Awards. A participant will not be required to recognize any income for federal income tax purposes upon the grant of shares of restricted stock that are subject to vesting requirements or phantom stock units. With respect to restricted stock awards, the participant must generally recognize ordinary income equal to the fair market value of the shares at the time the shares become vested. The participant will realized ordinary income with respect to phantom stock units when the participant receives the stock subject to the unit, or the cash value of the stock. The Company generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the participant. A participant may elect to be taxed at the time he or she receives restricted stock (but not phantom stock units) rather than upon vesting. However, if the participant subsequently forfeits such shares he or she would not be entitled to any tax deduction or, to recognize a loss, for the value of the shares or property on which he or she previously paid tax. Alternatively, if an Award that results in a transfer to the participant of cash, shares or other property does not contain any restrictions as to their transferability and is not subject to a substantial risk of forfeiture, the participant must generally recognize ordinary income equal to the cash or the fair market value of shares or other property actually received. The Company generally will be entitled to a deduction for the same amount. A participant who receives a grant of unrestricted stock will generally recognize ordinary income equal to the value of the stock on the date of grant, and the Company will generally be entitled to a deduction in the same amount.

Options, SARs, and grants of restricted stock will generally not be considered deferred compensation for purposes of Section 409A of the Internal Revenue Code. Phantom stock units may be subject to Section 409A, in which event the time at which the value of such units may be paid to the participant may be subject to limitations.

Vote Required and Board of Directors' Recommendation

Assuming a quorum is present, the affirmative vote of a majority of the votes cast on this proposal at the Annual Meeting is required for approval of this Proposal No. 4, provided that the total votes cast on this proposal represent over 50% in interest of all securities entitled to vote on this proposal. For purposes of the vote on this Proposal No. 4, an abstention or a broker non-vote will have the effect of a vote against this proposal unless the total votes cast on this proposal represent more than 50% in interest of all securities entitled to vote on this proposal, in which event neither an abstention nor a broker non-vote will have any effect on the result of the vote.

**THE BOARD OF DIRECTORS
RECOMMENDS A VOTE *FOR* APPROVAL OF
THE ADOPTION OF THE 2013 PLAN.**

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SUBMISSION OF STOCKHOLDER PROPOSALS

The Company intends to hold its 2014 annual meeting of stockholders on or about May 21, 2014. To be considered for inclusion in the Company's notice of annual meeting and proxy statement for, and for presentation at, the annual meeting of the Company's stockholders to be held in 2014, a stockholder proposal must be received by Roger W. Thomas, Secretary, Mack-Cali Realty Corporation, 343 Thornall Street, Edison, New Jersey 08837-2206, no later than December 16, 2013, and must otherwise comply with applicable rules and regulations of the SEC, including Rule 14a-8 of Regulation 14A under the Exchange Act.

The Company's bylaws require advance notice of any proposal by a stockholder intended to be presented at an annual meeting that is not included in the Company's notice of annual meeting and proxy statement because it was not timely submitted under the preceding paragraph, or made by or at the direction of any member of the Board of Directors, including any proposal for the nomination for election as a director. To be considered for such presentation at the annual meeting of the Company's stockholders to be held on or about May 21, 2014, any such stockholder proposal must be received by Roger W. Thomas, Secretary, Mack-Cali Realty Corporation, no earlier than January 15, 2014 and no later than February 14, 2014, and discretionary authority may be used if untimely submitted.

ANNUAL REPORT ON FORM 10-K

The Company will furnish without charge to each person whose proxy is being solicited, upon the written request of any such person, a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as filed with the SEC, including the financial statements and schedules thereto. Requests for copies of such Annual Report on Form 10-K should be directed to Roger W. Thomas, Secretary, Mack-Cali Realty Corporation, 343 Thornall Street, Edison, New Jersey 08837-2206.

OTHER MATTERS

The Board of Directors knows of no other business which will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, it is intended that proxies authorized pursuant to this Proxy Statement will be voted in respect thereof and in accordance with the judgments of the persons voting the proxies.

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to mark, date, execute and promptly return the

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accompanying proxy card in the enclosed envelope or to promptly authorize a proxy to vote your shares by internet or telephone in accordance with the instructions on the accompanying proxy card.

By Order of the Board of Directors,

Roger W. Thomas

Secretary

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Annex A

MACK-CALI REALTY CORPORATION

2013 INCENTIVE STOCK PLAN

SECTION 1. INTRODUCTION

1.1 PURPOSE. The purpose of the Mack-Cali Realty Corporation 2013 Incentive Stock Plan (the "Plan") is to advance and promote the interests of Mack-Cali Realty Corporation (the "Corporation") and its Subsidiaries by providing employees, consultants and advisors of the Corporation or its Subsidiaries and non-employee members of the Corporation's Board of Directors and Advisory Board, or its Subsidiaries, if so designated, with an incentive to achieve corporate objectives, to attract and retain employees, consultants, advisors, non-employee Directors and Advisory Board Members of outstanding competence and to provide such individuals with an equity interest in the Corporation through the acquisition of Shares and by providing for payments to such individuals based on the appreciation in value or value of such Shares. The Plan is intended to be construed as an employee benefit plan that satisfies the requirements for exemption from the restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended, pursuant to the applicable rules promulgated thereunder. The Plan is effective as of the date on which it is approved by the Corporation's shareholders (the "Effective Date").

The Corporation presently maintains the Mack-Cali Realty Corporation 2004 Incentive Stock Plan (the "2004 Plan"), which will expire by its terms on May 20, 2014, unless sooner terminated by the Board. No further Awards will be made under the 2004 Plan on or after the Effective Date, but all Awards made under the 2004 Plan prior to the Effective Date will remain outstanding in accordance with their terms.

1.2 DEFINITIONS. The following definitions are applicable to the Plan:

(a) "Advisory Board" means the Advisory Board of the Corporation established in 1997.

(b) "Advisory Board Member" means a non-employee member of the Advisory Board.

(c) "Award" means Options, Performance Shares, Performance Share Units, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights (SARs), Phantom Stock Units, Unrestricted Stock, or any combination thereof, granted under the Plan.

(d) "Award Agreement" means the written agreement between the Corporation and each Participant that sets forth the terms and provisions applicable to an Award granted to the Participant under the Plan. To the extent that some or all of the terms and provisions of an Award are set forth in a Participant's employment or other agreement, as applicable, with the Corporation or any Subsidiary, the term "Award Agreement" as used herein incorporates by reference such terms. In the event of any conflict between the terms and provisions of an Award Agreement and those of an employment or other agreement, the terms of the employment or other agreement shall control.

(e) "Beneficiary" means the beneficiary or beneficiaries designated in accordance with Section 6.8 to receive the amount, if any, payable under the Plan upon the death of a Participant or the right to exercise an Award outstanding upon the death of a Participant.

(f) "Board" means the Board of Directors of the Corporation.

(g) "Cause" mean termination for fraud or willful misconduct by a Director or Advisory Board Member, as determined by the Committee or the Board.

(h) "Change in Control" means that any of the following events has occurred:

- (i) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Exchange Act, other than the Corporation, any of its Subsidiaries, or any employee benefit plan sponsored by the Corporation or any of its Subsidiaries, becomes the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act) of 30% or more of the Shares issued and outstanding immediately prior to such acquisition;
- (ii) any Shares are purchased pursuant to a tender or exchange offer, other than an offer by the Corporation, that results in any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Exchange Act becoming the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act) of 30% or more of the Shares issued and outstanding immediately prior to such tender or exchange offer; or
- (iii) the dissolution or liquidation of the Corporation or the consummation of any merger or consolidation of the Corporation or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Corporation immediately prior to such transaction own, immediately after consummation of such transaction, equity securities (other than options and other rights to acquire equity securities) possessing less than 30% of

the voting power of the
surviving or acquiring
corporation.

provided, however, that notwithstanding anything in the Plan to the contrary, no Change in Control shall be deemed to have occurred, and no rights arising upon a Change in Control described in Sections 2.2(c)(ii), 3.3(c) and 4.7 shall exist, unless (i) on a Plan wide basis, the Board directs to the contrary by resolution adopted prior to the Change in Control or (ii) on a Participant by Participant basis with respect to individual Participants who have employment or other agreements with the Corporation or any Subsidiary which contain a definition of change in control, the definition of change in control is met under such employment or other agreement and such employment or other agreement specifies that a change in control under such other employment or other agreement will be considered a Change in Control for purposes of the Plan. Any resolution of the Board adopted in accordance with the provisions of this Section directing that this Section and Sections 2.2(c)(ii), 3.3(c) and 4.7 or any of such Sections become ineffective may be rescinded or countermanded at any time with or without retroactive effect by such Board.

(i) "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to a particular section of, or rule under, the Code includes references to successor provisions.

(j) "Committee" means the committee appointed pursuant to Section 1.3 or if no such Committee is appointed, the Board.

(k) "Corporation" means Mack-Cali Realty Corporation.

(l) "Director" means any non-employee member of the Board, and any non-employee member of the Board of Directors of a Subsidiary to the extent that the Board designates such Subsidiary's Board of Directors as eligible to participate in the Plan.

(m) "Director Option" means a Nonqualified Stock Option automatically granted to a Director upon his or her initial election or appointment as Director, pursuant to Subsection 2.1(b).

(n) "Disability" means (i) with respect to a Participant who is a Director or Advisory Board Member, a mental or physical condition rendering the Participant unable to perform his or her regular duties in such capacity, as determined by the Committee or the Board, or,

(ii) with respect to a Participant who is a Key Employee, the Participant qualifies for long-term disability benefits under the Corporation's long-term disability plan that covers the Participant, unless otherwise provided for in an employment or other agreement between the Participant and the Corporation.

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(o) "Eligible Individual" means any Key Employee, consultant or advisor of the Corporation or any Subsidiary, and any Director or Advisory Board Member.

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended. References to a particular section of, or rule under, the Exchange Act include references to successor provisions.

(q) "Fair Market Value" means the fair market value of the Shares based upon the closing price of a Share as quoted on the New York Stock Exchange at the end of the last business day preceding the Grant Date or other date of determination, or, if the Shares are not then traded on the New York Stock Exchange or no sale takes place on such day, the average of the closing bid and asked prices for the Shares on a national securities exchange or other market system on which the Shares are then traded, as reported in the New York edition of The Wall Street Journal; provided, however, that if Shares are not readily tradeable on a national securities exchange or other market system, Fair Market Value means an amount determined in good faith by the Committee to be the fair market value of the Shares.

(r) "Grant Date" means the date on which the Committee approves the grant of an Award by Committee action or such later date as specified in advance by the Committee. With respect to a Director Option, the Grant Date means the first day of the Director's initial tenure as a Director upon his election or appointment to the Board.

(s) "Incentive Stock Option" means an Option to purchase Shares that qualifies as an incentive stock option within the meaning of Section 422 of the Code.

(t) "Immediate Family" means, with respect to a particular Participant, the Participant's spouse, children and grandchildren.

(u) "Key Employee" means any employee of the Corporation or any of its Subsidiaries, including any officer or director who is also an employee, who, in the judgment of the Committee, is considered important to the future of the Corporation. Nothing shall limit the Board from designating all or substantially all employees as eligible for grants.

(v) "Mature Shares" means Shares for which the holder thereof has good title, free and clear of all liens and encumbrances, and which such holder either (i) has held for at least six months or (ii) has purchased from the open market.

(w) "Nonqualified Stock Option" means an Option to purchase Shares, that does not qualify as an Incentive Stock Option.

(x) "Option" means an Incentive Stock Option or a Nonqualified Stock Option granted under the Plan.

(y) "Option Price" means the purchase price per Option Share.

(z) "Option Term" means the period beginning on the Grant Date of an Option and ending on the expiration date of such Option, as specified in the Award Agreement for such Option and as may, in the discretion of the Committee, and consistent with the provisions of the Plan, be extended from time to time.

(aa) "Participant" means an Eligible Individual who has been granted an Award or a Permitted Transferee.

(bb) "Performance Shares" means Restricted Stock the vesting of which is dependent in whole or part upon the satisfaction of performance goals specified by the Committee and set forth in the Award Agreement.

(cc) "Performance Share Unit" means a Phantom Stock Unit that entitles the Participant to the receipt of one or more Share, or the value thereof, upon the satisfaction of performance goals specified by the Committee and set forth in the Award Agreement.

(dd) "Permitted Transferee" means a person to whom an Award may be transferred or assigned in accordance with Section 6.8.

(ee) "Phantom Stock Unit" means a contractual right to receive Shares or the value of Shares in the future.

(ff) "Plan" means the Mack-Cali Realty Corporation 2004 Incentive Stock Plan, as the same may be amended from time to time.

(gg) "Restricted Period" means, as applicable, the period of time Restricted Stock is subject to the Restrictions specified in the Award Agreement applicable to such Restricted Stock, or the period during which Phantom Stock Units vest or performance goals must be achieved with respect to Phantom Stock Units, as specified in the Award Agreement applicable to the Phantom Stock Units.

(hh) "Restricted Stock" means Shares that are subject to forfeiture if the Participant does not satisfy the Restrictions specified in the Award Agreement applicable to such Restricted Stock.

(ii) "Restricted Stock Unit" means a Phantom Stock Unit that entitles the Participant to the receipt of one Share upon the satisfaction of the required vesting requirements set forth in the Award Agreement.

(jj) "Restrictions" means those restrictions and conditions placed upon Restricted Stock as determined by the Board in accordance with Section 4.2.

(kk) "Retirement" means separation from service as a Director or Advisory Board Member on or after age 65 or at such other time as the Board may designate.

(ll) "Rule 16b-3" means Rule 16b-3 of the SEC under the Exchange Act, as amended from time to time, together with any successor rule.

(mm) "SEC" means the Securities and Exchange Commission.

(nn) "Section 16 Participant" means a Participant who is subject to potential liability under Section 16(b) of the Exchange Act with respect to transactions involving equity securities of the Corporation.

(oo) "Share" means a share of the common stock, \$.01 par value per share, of the Corporation.

(pp) "Stock Appreciation Right" or "SAR" means a right granted under the Plan in connection with an Option, or separately, to receive the appreciation in value of Shares.

(qq) "Subsidiary" means a corporation as defined in Section 424(f) of the Code (with the Corporation treated as the employer corporation for purposes of this definition) and, for all other purposes, a corporation or other entity with respect which the Corporation (i) owns, directly or indirectly, 50% or more of the then outstanding common stock in any corporation or (ii) has a 50% or more ownership interest in any other entity.

(rr) "10% Owner" means a person who owns capital stock (including stock treated as owned under Section 424(d) of the Code) possessing more than 10% of the combined voting power of all classes of capital stock of the Corporation or any Subsidiary where "voting power" means the combined voting power of the then outstanding securities of a corporation entitled to vote generally in the election of directors.

(ss) "Termination" means (i) for a Participant who is a Key Employee, termination of employment with the Corporation and all Subsidiaries, (ii) for a Participant who is a consultant or advisor, termination from service with the Corporation and all Subsidiaries, as determined by the Corporation, or (iii) for a Participant who is a Director or Advisory Board Member, termination from service of the Board or Advisory Board, as the case may be.

(tt) "Unrestricted Stock" means Shares that are not subject to forfeiture granted pursuant to Section 4.1(b).

1.3 ADMINISTRATION. The Plan shall be administered by a committee (the "Committee"), which shall consist of two or more directors of the Corporation, all of whom qualify as "Non Employee Directors" as defined in Rule 16b-3. The number of members of the Committee shall from time to time be increased or decreased, and shall be subject to such conditions, in each case as the Board deems appropriate to permit transactions in Shares pursuant to the Plan to satisfy such conditions of Rule 16b-3 as then in effect. In the event that the Executive Compensation and Option Committee of the Board meets the requirements set forth in this Section 1.3, it shall be the Committee hereunder unless otherwise determined by the Board.

A majority of the members of the Committee shall constitute a quorum. The Committee may act at a meeting, including a telephonic meeting, by action of a majority of the members present, or without a meeting by unanimous written consent.

Subject to the express provisions of the Plan, the Committee shall have full and final authority and discretion as follows:

- (i) to select the Participants from Eligible Individuals;
- (ii) to grant Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Unrestricted Stock and/or Phantom Stock Units to Participants in such combination and in such amounts as it shall determine and to determine the terms and conditions applicable to each such Award, including the benefit payable under any SAR, and whether or not specific Awards shall be identifiable with other specific Awards, and if so whether they shall be exercisable cumulatively with, or alternatively to, such other specific Award;

- (iii) to determine the amount, if any, that a Participant shall pay for Restricted Stock or Unrestricted Stock, the nature of the Restrictions applicable to the Restricted Stock, and the duration of the Restricted Period applicable to the Restricted Stock;
- (iv) to determine the actual amount earned by each Participant with respect to such Awards, the terms and conditions of all Award Agreements (which need not be identical) and with the consent of the Participant, to amend any such Award Agreement at any time, among other things, to permit transfers of such Awards to the extent permitted by the Plan, except that consent of the Participant shall not be required for any amendment which (A) does not adversely affect the rights of the Participant or (B) is necessary or advisable (as determined by the Committee) to carry out the purpose of the Award as a result of any change in applicable law;
- (v) to determine consistent with the Code whether an Option that is granted to a Participant is a Nonqualified Stock Option or an Incentive Stock Option, the number of Shares to be covered by each such Option and the time or times when and the manner in which each Option shall be exercisable;
- (vi) to amend any Incentive Stock Option with the consent of the Participant so as to make it a Nonqualified Stock Option;
- (vii) to grant a SAR in connection with the grant of an Option or separately;

- (viii) to accelerate the exercisability (including exercisability within a period of less than one year after the Grant Date) of, and to accelerate or waive any or all of the terms and conditions applicable to, any Award or any group of Awards for any reason and at any time, including in connection with a termination of employment, termination of service as a Director or Advisory Board Member (other than for Cause) or, in the case of a consultant or advisor, termination of such consulting or advisory arrangement;
- (ix) subject to the provisions of the Plan, to extend the time during which any Award or group of Awards may be exercised;
- (x) to treat all or any portion of any period during which a Participant is on military leave or on an approved leave of absence from the Corporation or a Subsidiary as a period of employment or service of such Participant by the Corporation or any Subsidiary for purposes of accrual of his or her rights under his or her Awards;
- (xi) to interpret the Plan and make all determinations necessary or advisable for the administration of the Plan including the establishment, amendment or revocation from time to time of guidelines or regulations for the administration of the Plan, to cause appropriate records to be established, to make all determinations of fact, and to take all other actions considered necessary or advisable for the administration of the Plan; and
- (xii) to take any other action with respect to any matters relating to the Plan for which it is responsible.

Notwithstanding the foregoing, except as provided in Sections 6.2 and 6.3, the Committee shall not have the authority to reduce the Option Price of any Option, or the Strike Price of any SAR (including granting new Options or SARs in exchange or replacement for Options or SARs with a higher Option Price or Strike Price, or any transaction that has the effect of a repricing), or to cause

any Option or SAR to be repurchased, or otherwise cancelled in exchange for a payment of any form of consideration, if the Option Price or Strike Price is less than the Fair Market Value of the Shares covered by the Option or SAR

All decisions, actions or interpretations of the Committee on all matters relating to the Plan or any Award Agreement shall be final, binding and conclusive upon all parties. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

1.4 PARTICIPATION/SERVICE

(a) Participation. The Committee may, in its discretion, grant Awards to any Eligible Individual, whether or not he or she has previously received an Award. Participation in the Plan shall be limited to those Eligible Individuals who have received written notification from the Committee, or from a person designated by the Committee, that they have been selected to participate in the Plan. No such Eligible Individuals shall at any time have the right to be a Participant or to receive an Award (other than a Director Option, if applicable), unless selected by the Committee pursuant to the Plan. No Participant, having been granted an Award, shall have the right to an additional Award in the future unless such Award is granted by the Committee.

(b) Director Options. All Directors shall automatically be eligible to receive Director Options under the Plan.

(c) Transfer of Service. Notwithstanding any provision in the Plan to the contrary, for purposes of determining the exercise period and exercisability of Awards granted hereunder, a Participant shall not be deemed to have incurred a Termination if the Participant's status as a Director, Advisory Board Member, employee, consultant or advisor terminates and the Participant

is then, or immediately thereafter becomes, an Eligible Individual due to another status or relationship with the Corporation or a Subsidiary.

1.5 MAXIMUM NUMBER OF SHARES

AVAILABLE FOR AWARDS. Subject to adjustment in accordance with Section 6.2, the maximum number of Shares for which Awards under the Plan shall be available is 4,600,000, plus any Shares subject to an Award granted under the 2004 Plan and outstanding on the Effective Date that subsequently become available for new grants as provided below. In addition, the Committee shall have the authority, in its sole discretion, to grant additional Options to a Participant who exercises an Option and pays the exercise price in Shares, in a quantity equal to the number of Shares delivered to the Corporation upon such exercise. Shares that are forfeited, terminated or cancelled, or expire or are not delivered pursuant to an Option, Phantom Stock Unit Award or SAR Award under this Plan or the 2004 Plan because the Award, although denominated in Shares, is paid in cash, and Shares subject to the Award that are withheld to pay the Option Price of an Option or to satisfy applicable tax withholding obligations upon exercise, payment or settlement of the Award, in each case shall be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan, and shall not be available for new grants under the Plan. The number of Shares granted with respect to an SAR shall be the total number of Shares covered by the SAR, and not the number actually issued; provided that if an SAR is granted in connection with an Option the number of Shares covered by the Option and SAR shall only be counted once. The Shares distributed under the Plan may be authorized and unissued shares, shares held in the treasury of the Corporation, or shares purchased on the open market by the Corporation (at such time or times and in such manner as it may determine). The Corporation shall be under no obligation to acquire Shares for distribution to Participants before such Shares are due and distributable. The maximum number of Shares with respect to which Incentive Stock Options may be granted is 4,600,000.

1.6 GENERAL CONDITIONS TO

GRANTS. All Awards shall be evidenced by an Award Agreement and any terms and conditions of an Award not set forth in the Plan shall be set forth in the Award Agreement related to that Award or, if applicable, in the Participant's employment or other agreement with the Corporation or any Subsidiary.

SECTION 2. OPTIONS

2.1 AWARD OF OPTIONS.

(a) General. Subject to the provisions of the Plan, the Committee, in its sole discretion, shall determine and designate from time to time those Eligible Individuals to whom

Incentive Stock Options or Nonqualified Stock Options, or both, shall be granted, the number of Shares covered by each Option, and the terms and conditions of each Option. Any Option not designated as an Incentive Stock Option shall be a Nonqualified Stock Option. In determining the Eligible Individuals who will be granted Options under the Plan, the Committee may consider such Individuals' responsibilities, service, present and future value to the Corporation or any Subsidiary and other factors it considers relevant.

(b) Director Options. Each Director shall be automatically granted, upon his or her initial election or appointment to the Board, a Director Option to purchase 5,000 Shares. The Option Price subject to the Director Option shall be equal to the Fair Market Value of a Share determined on the Grant Date. No portion of the Director Option shall be exercisable until the January 1 that follows the date on which the Director has completed one year of service as a Director beginning on the Grant Date, subject to Section 1.4. Thereafter, each Director Option shall be fully exercisable. To the extent not inconsistent with the foregoing, all other terms and conditions of the Director Options shall be subject to the remaining provisions of this Section 2.

2.2 TERMS AND CONDITIONS OF

OPTIONS. Except as otherwise provided in Section 2.1(b) with respect to a Director Option or in an applicable Award Agreement, each Option shall be subject to the following express terms and conditions and to such other terms and conditions as the Committee, in its sole discretion, may deem appropriate as set forth in the Award Agreement:

(a) **Option Term.** Each Option shall expire on the 10th anniversary of the Grant Date (or, in the case of an Incentive Stock Option granted to a 10% Owner, on the 5th anniversary of the Grant Date) or such earlier expiration date as shall be specified in the Participant's Award Agreement. To the extent the Award Agreement, or the Plan, provides for the term of an Option to expire earlier as a result of a termination of employment or other event, the Committee may extend the period of time during which the Option is exercisable following such event, but not beyond the end of the original term.

(b) **Option Price.** The Option Price per Share shall be determined by the Committee, in its sole discretion, no later than the Grant Date of any Option; provided, however, that the Option Price shall not be less than the Fair Market Value of a Share on the Grant Date (or, with respect to an Incentive Stock Option granted to a 10% Owner, 110% of the Fair Market Value of a Share on the Grant Date). In no event shall the Option Price per Share be less than the par value of a Share.

(c) **Exercisability of Options.** Options granted under the Plan shall be exercisable at such times and subject to such terms and conditions as shall be determined by the Committee, in its sole discretion, and set forth in the Award Agreement. Such terms and conditions need not be the same for each grant or for each Participant.

(i)

Exercise Schedule. Except as otherwise provided in the applicable Award Agreement with the Participant, an Option granted to a Participant who is a Key Employee, consultant or advisor shall become exercisable by the Participant in three equal annual installments of 33¹/₃% of the total Shares subject to the Option. The first installment shall become exercisable on the

December 31st that is at least one year after the Grant Date and each other installment shall become exercisable on each of the next two anniversaries thereafter. With respect to an Option granted to a Participant who is a Director or Advisory Board Member, the Option shall become fully exercisable as of the January 1 immediately following the date on which the Participant has completed one year of service as a Director) or such other date as the Committee, in its sole discretion, determines. The preceding exercise schedules are subject to the Participant not having incurred a Termination and to the acceleration or early expiration provisions set forth in this Section 2.2 or in an applicable Award Agreement.

(ii)

Change in Control. In the event of a Change in Control, all Options granted under the Plan which the Participant shall not then have been entitled to exercise shall be accelerated as of the date of such Change in Control and become fully exercisable, provided that the Participant has not incurred a Termination prior to the Change in Control.

(d) Exercise Upon

Termination. Subject to Section 1.4(c) and unless otherwise provided in an Award Agreement, the following provisions shall apply upon a Participant's Termination:

(i)

Termination Due to Death. If a Participant who is a Key Employee, consultant or advisor incurs a Termination due to death, such Participant's Beneficiary, heirs or estate may exercise his or her Options, to the extent the

Option would have become exercisable had the Participant's Termination occurred in the calendar year following such Participant's death, and any portion of any Option granted hereunder that would not have vested and been exercisable within the calendar year following such Participant's death if such

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Participant had not died shall automatically expire and be forfeited as of the date of such Participant's death. If a Participant's service as a member of the Board or the Advisory Board shall terminate because of his or her death, the Participant's Beneficiary, heirs or estate shall have the right to exercise all Options issued to him or her in such capacity, regardless of whether such Options were exercisable prior to the Participant's death. Upon a Participant's death under this Subsection 2.2(d)(i), the exercisable portion of the Option as determined hereunder may be exercised until the earlier of (x) the expiration date determined under Subsection 2.2(a) or (y) one year from the date of the Participant's death.

(ii)

Termination Due to Disability. If a Participant who is a Key Employee incurs a Termination due to Disability, such Participant may exercise his or her Options to the extent the Option would have become exercisable had the Participant's Termination occurred in the calendar year following such Participant's Termination, and any portion of any Option granted hereunder that would not have vested and been exercisable within the calendar year following such Participant's Termination shall automatically expire and be forfeited as of the date of such Participant's Termination. If a Participant's service as a member of the Board or the Advisory Board terminates due to Disability, such Participant shall have the right to exercise all Options issued to him or her in such capacity, regardless of

whether such Options were exercisable prior to the Participant's Termination. Upon a Participant's Termination due to Disability under this Subsection 2.2(d)(ii), the exercisable portion of the Option as determined hereunder may be exercised by the Participant until the earlier of (x) the expiration date determined under Subsection 2.2(a) or (y) one year from the date of the Participant's Disability.

(iii)

Termination Due to Retirement.

If a Participant's service as a member of the Board or the Advisory Board terminates due to Retirement, the Participant shall have the right to exercise all Options regardless of whether such Options are vested, at any time and from time to time, until the earlier of (x) the expiration date determined under Subsection 2.2(a) hereof or (y) one year following the date of Retirement.

(iv)

Termination Due to Cause.

If a Participant's service as a Director or Advisory Board Member terminates for Cause, any Option granted to such Participant shall expire immediately and all rights to purchase Shares (whether or not exercisable) under the Option shall cease upon such termination.

(v)

Other Termination. In the event of a Participant's Termination for any reason other than as described under Subsection 2.2(d)(i), (ii), (iii) or (iv) above, any Option granted to such Participant shall remain exercisable until the earlier of (x) the expiration date determined under

Subsection 2.2(a) or (y) three months from the date of such Termination. In such circumstance, the Option shall only be exercisable to the extent exercisable as of the date of such Termination and shall not be exercisable with respect to any additional Shares.

(e) Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to Eligible Individuals who are Key Employees at the Grant Date. The aggregate Fair Market Value (determined at the time the Option is granted) of the Shares with respect to which any Incentive Stock Options are exercisable for the first time by any Key Employee during any calendar year under all option plans of the Corporation and any Subsidiary shall not exceed \$100,000 or such other limit set forth in Section 422 of the Code (the "Code Limits"). If the aggregate Fair Market Value of such Shares exceeds the Code Limits, the excess Shares will be treated as Nonqualified Stock Options under this Plan. In reducing the number of Incentive Stock Options to meet the Code Limits, the most recently granted Incentive Stock Option shall be reduced first. If a reduction of simultaneously granted Options is necessary to meet the Code

Limits, the Committee may designate which Shares are to be treated as Shares acquired pursuant to an Incentive Stock Option. In the event that any Incentive Stock Option granted under the Plan fail to meet the requirements for Incentive Stock Options as set forth in the Code, such Incentive Stock Options will be treated and redesignated as a Nonqualified Stock Option for Federal income tax purposes automatically without further action by the Committee on the date of such failure to continue to meet the requirements of Section 422 of the Code.

(f) Investment Representation. Each Award Agreement for an Option shall provide that, upon demand by the Committee for such a representation, the Participant (or any person acting under Subsection 2.2(d)) shall deliver to the Committee, at the time of any exercise of an Option or portion thereof, a written representation that the Shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof. Upon such demand, delivery of such representation prior to the delivery of any Shares issued upon exercise of an Option and prior to the expiration of the Option Term shall be a condition precedent to the right of the Participant or such other person to purchase any Shares. In the event certificates for Shares are delivered under the Plan with respect to which such an investment representation has been obtained, the Committee may cause a legend or legends to be placed on such certificates to make appropriate reference to such representations and to restrict transfer in the absence of compliance with applicable federal or state securities laws.

(g) Participants to Have No Rights as Shareholders. No Participant shall have any rights as a shareholder with respect to any Shares subject to his or her Option prior to the date of issuance to him or her of such Shares.

(h) Other Option Provisions. The Committee may require a Participant to agree, as a condition to receiving an Option under the Plan, that part or all of any Options previously granted to such Participant under the Plan or any prior plan of the Corporation be terminated.

2.3 EXERCISE OF AND PAYMENT FOR OPTIONS. An Option shall be exercised by the delivery to the Corporation during the Option Term of (a) written notice of intent to purchase a specific number of Shares subject to the Option and (b) payment in full of the Option Price of such specific number of Shares. Unless otherwise limited in an Award Agreement, payment of the Option Price may be made either (i) in

cash, certified check or wire transfer, (ii) subject to the approval of the Committee, in Mature Shares already owned by the Participant having a total fair market value, as determined by the Committee, equal to the purchase price, or a combination of cash and Mature Shares having a total fair market value, as so determined, equal to the purchase price, (iii) subject to the approval of the Committee, in its sole discretion, by delivering a properly executed exercise notice in a form approved by the Committee, together with an irrevocable notice of exercise and irrevocable instructions to a broker to promptly deliver to the Corporation the amount of applicable sale proceeds sufficient to pay the purchase price for such Shares, together with the amount of federal, state and local withholding taxes payable by Participant by reason of such exercise, (iv) subject to the approval of the Committee, in its sole discretion, by requesting that the Corporation withhold from the number of Shares transferred to the Participant a number of Shares with a fair market value equal to the Option Price, or (v) a combination of the foregoing.

2.4 NOTICE OF DISQUALIFYING

DISPOSITION. A Participant shall notify the Corporation of any disposition of Shares issued upon exercise of an Incentive Stock Option within 10 business days after such disposition if such disposition is made during the holding period described in Section 422(a) of the Code resulting in a disqualifying disposition (within the meaning of Treasury Regulation Section 1.421-2(b)).

SECTION 3. STOCK APPRECIATION RIGHTS

3.1 AWARD OF STOCK APPRECIATION RIGHTS. Subject to the provisions of the Plan, the Committee, in its sole discretion, shall determine and designate from time to time those Eligible Individuals to whom SARs shall be granted, the number of Shares to be granted to each such Eligible Individual and the terms and conditions of each SAR. When granted, SARs may, but need not, be identified with a specific Option (including any Option granted on or before the Grant Date of the SARs) in a number equal to or different from the number of Shares subject to such Option. If SARs are identified with Shares subject to an Option, then, unless otherwise provided in the applicable Award Agreement, the Participant's associated SARs shall terminate upon (a) the expiration, termination, forfeiture or cancellation of such Option, or (b) the exercise of such Option.

3.2 STRIKE PRICE. The strike price ("Strike Price") of any SAR shall equal, for any SAR that is identified with an Option, the Option Price of such Option, or for any other SAR, 100% of the Fair Market Value of a Share on the Grant Date of such SAR; except that the Committee may specify a higher Strike Price in the Award Agreement.

3.3 EXERCISABILITY OF SARs. SARs granted under the Plan shall be exercisable at such times and subject to such terms and conditions as shall be determined by the Committee, in its sole discretion, and set forth in the Award Agreement. Such terms and conditions need not be the same for each grant or for each Participant. Unless otherwise specified in the applicable Award Agreement, the following terms and conditions shall apply:

(a) SARs Granted to Directors or Advisory Board Members. SARs granted to a Participant who is a Director or Advisory Board Member shall become exercisable (i) in the case of each SAR not identified with an Option, on the first anniversary of the Grant Date of the SAR, or in such other amounts and over such other time period as may be determined by the Committee, and (ii) in the case of each SAR that is identified with an Option, at the time or times at which the Option with which such SAR is identified may be exercised. The preceding exercise schedule is subject to the Participant not having incurred a Termination and to the acceleration or early expiration provisions set forth in Subsection 3.3(c) and Section 3.6 or in an applicable Award Agreement.

(b) SARs Granted to Key Employees, Consultants or Advisors. SARs granted to a Participant who is a Key Employee, consultant or advisor shall become exercisable (i) in the

case of each SAR not identified with an Option, in three equal annual installments of $33\frac{1}{3}\%$ of the Shares subject to the SAR, with the first installment becoming exercisable on the December 31st that is at least one year after the Grant Date and each other installment becoming exercisable on each of the next two anniversaries thereafter, and (ii) in the case of each SAR that is identified with an Option, at the time or times at which the Option with which such SAR is identified may be exercised. The preceding exercise schedule is subject to the Participant not having incurred a Termination and to the acceleration or early expiration provisions set forth in Subsection 3.3(c) and Section 3.6 or in an applicable Award Agreement.

(c) Change in Control. In the event of a Change in Control, all Options granted under the Plan which the Participant shall not then have been entitled to exercise shall be accelerated as of the date of such Change in Control and become fully exercisable, provided that the Participant has not incurred a Termination prior to the Change in Control.

(d) SAR Term. Each SAR shall expire on the 10th anniversary of the Grant Date or, if earlier, upon expiration of any Option with which the SAR is identified. To the extent the Award Agreement, or the Plan, provides for the term of a SAR to expire earlier as a result of a termination of employment or other event, the Committee may extend the period of time during which the SAR is exercisable following such event, but not beyond the end of the original term.

3.4 EXERCISE OF SARs. SARs shall be exercised by delivery to the Corporation of the Participant's written notice of intent to exercise a specific number of SARs. Unless otherwise provided in the applicable Award Agreement, the exercise of SARs which are identified with Shares subject to an Option shall result in the cancellation or forfeiture of an equal number of Shares subject to such Option, and any such Shares so canceled or forfeited shall not thereafter again become available for grant under the Plan. Upon exercise of an SAR, a Participant shall be entitled to receive a per Share payment from the Corporation in an amount equal to (a) the Fair Market Value of the Share on the date of such exercise, minus (b) the Strike Price of Shares subject to the SAR. Such payment shall be made in cash (subject to applicable withholding), except that the Committee, in its sole discretion, may provide, in the applicable Award Agreement, that payment may be made, wholly or partly, in Shares.

3.5 NO RIGHTS AS SHAREHOLDERS. No Participant shall have any rights as a shareholder with respect to any Shares subject to his or her SAR.

3.6 EXERCISE OF SAR IN THE EVENT OF TERMINATION. The Committee, in its sole discretion, shall set forth in the applicable Award Agreement the extent to which a Participant shall have the right to exercise SARs following a Termination. Such provisions need not be uniform among all SARs granted pursuant to the Plan, and may reflect distinctions based on the reasons for such Termination. Subject to Section 1.4(c) and unless otherwise provided in an Award Agreement, the following provisions shall apply:

(a) Termination Due to Death. If a Participant who is a Key Employee, consultant or advisor incurs a Termination due to death, such Participant's Beneficiary, heirs or estate may exercise his or her SARs, to the extent the SARs would have become exercisable had the Participant's Termination occurred in the calendar year following such Participant's death, and any portion of any SAR granted hereunder that would not have vested and been exercisable within the calendar year following such Participant's death if such Participant had not died shall automatically expire and be forfeited as of the date of such Participant's death. If Participant's service as a member of the Board or the Advisory Board shall terminate because of his or her death, the Participant's Beneficiary, heirs or estate shall have the right to exercise all SARs issued to him or her in such capacity, regardless of whether such SARs were exercisable prior to the Participant's death. Upon a Participant's death, the exercisable portion of the SAR as determined hereunder may be exercised until the earlier of (x) the expiration date determined under Subsection 3.3(d) or (y) one year from the date

of the Participant's death.

(b) Termination Due to Disability. If a Participant who is a Key Employee incurs a Termination due to Disability, such Participant may exercise his or her SARs to the extent the SAR would have become exercisable had the Participant's Termination occurred in the calendar year following such Participant's Termination, and any portion of any SAR granted hereunder that would not have vested and been exercisable within the calendar year following such Participant's Termination shall automatically expire and be forfeited as of the date of such Participant's Termination. If a Participant's service as a member of the Board or the Advisory Board terminates due to Disability, such Participant shall have the right to exercise all SARs issued to him or her in such capacity, regardless of whether such SARs were exercisable prior to the Participant's Termination. Upon a Participant's Termination due to Disability under this Subsection 3.6(b), the exercisable portion of the SAR as determined hereunder may be exercised by the Participant until the earlier of (x) the expiration date determined under Subsection 3.3(d) or (y) one year from the date of the Participant's Disability.

(c) Termination Due to Retirement. If a Participant's service as a member of the Board or the Advisory Board terminates due to Retirement, the Participant shall have the right to exercise all SARs regardless of whether such SARs are vested, at any time and from time to time, until the

earlier of (x) the expiration date determined under Subsection 3.3(d) or (y) one year following the date of Retirement.

(d) Termination Due to Cause. If a Participant's service as a Director or Advisory Board Member terminates for Cause, any SAR granted to such Participant shall expire immediately and all rights to exercise the SAR (whether or not exercisable) shall cease upon such termination.

(e) Other Termination. In the event of a Participant's Termination for any reason other than as described under Subsection 3.6(a), (b), (c), or (d) above, any SAR granted to such Participant shall remain exercisable until the earlier of the (x) expiration date determined under Subsection 3.3(d) or (y) three months from the date of such Termination. In such circumstance, the SAR shall only be exercisable to the extent exercisable as of the date of such Termination and shall not be exercisable with respect to any additional Shares.

SECTION 4. RESTRICTED AND UNRESTRICTED STOCK

4.1 AWARDS

(a) Restricted Stock. Subject to the provisions of the Plan, the Committee, in its sole discretion, shall determine and designate from time to time those Eligible Individuals to whom Restricted Stock shall be granted and the Restrictions as provided in this Section. All Restrictions imposed on any such Award of Restricted Stock shall be made by and at the sole discretion of the Committee, subject to the provisions of the Plan, and are binding on the Corporation and the Participants, their Beneficiaries and legal representatives. Such Restrictions need not be the same for each grant or for each Participant.

(b) Unrestricted Stock. Subject to the provisions of the Plan, the Committee, in its sole discretion, shall determine and designate from time to time those Eligible Individuals to whom Unrestricted Stock shall be granted (or sold at par value or such other higher purchase price determined by the Committee). Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration, or in lieu of any cash compensation due to such Eligible Individual. Restricted Stock shall be immediately vested upon grant and shall be free of Restrictions based upon continued service or the achievement of performance goals, but may be

subject to such other restrictions (including restrictions on transfer) as the Committee may determine, and may be subject to forfeiture in accordance with Section 6.18.

4.2 RESTRICTED

PERIOD/RESTRICTIONS. At the time each Award of Restricted Stock is granted, the Committee (i) shall establish a Restricted Period within which Restricted Stock awarded to a Participant may not be sold, assigned, transferred, made subject to gift, or otherwise disposed of, mortgaged, pledged or otherwise encumbered, if any, except to the extent provided in Section 6.8, and (ii) may impose such other Restrictions on any Restricted Stock as it may deem advisable. Any Award of Restricted Stock granted after the Effective Date to a Participant who is a Key Employee, consultant or advisor shall provide for a Restricted Period of not less than three (3) years for full vesting (one (1) year in the case of Performance Shares), subject to acceleration as provided in Sections 4.5 and 4.7.

4.3 RIGHTS AS STOCKHOLDERS. Except for the conditions outlined in Section 4.2, and the forfeiture conditions described in Section 4.5, each Participant shall have all rights of a shareholder of the Corporation with respect to both Restricted and Unrestricted Stock, including the right to receive all dividends or other distributions made or paid in respect of such Shares and the right to vote such Shares at regular or special meetings of the shareholders of the Corporation.

4.4 DELIVERY OF SHARES. The certificates for any Restricted Stock granted to a Participant under the Plan shall be held (together with a stock power executed in blank by the Participant) in escrow by the Secretary of the Corporation under the Participant's name in an account maintained by

the Corporation until such Shares of Restricted Stock become nonforfeitable or are forfeited. At the end of the Restricted Period and/or the expiration or attainment of such other Restrictions imposed on any Restricted Stock granted to a Participant, or upon the prior approval of the Committee as described in Section 4.5, and subject to the satisfaction of the Corporation's withholding obligations described in Section 6.8, certificates representing such Shares of Restricted Stock shall be delivered to the Participant, or the Beneficiary or legal representative of the Participant, free of the Restrictions set forth in the Award Agreement pursuant to Section 4.2.

4.5 EFFECT OF TERMINATION. The Committee, in its sole discretion, shall set forth in the applicable Award Agreement the extent to which a Participant shall have the right to Shares subject to a Restricted Stock Award following a Termination. Such provisions need not be uniform among all Awards of Restricted Stock granted pursuant to the Plan, and may reflect distinctions based on the reasons for such Termination. Subject to Section 1.4(c) and unless otherwise provided in an Award Agreement, the following provisions shall apply:

(a) Termination Due to Death. If a Participant who is a Key Employee, consultant or advisor incurs a Termination due to death, all Shares of Restricted Stock awarded to such Participant which are then subject to a Restricted Period or other Restrictions, and which would have been released, if the Participant had not died, within the calendar year following such Participant's death shall be released on the date of the Participant's death as if the Restricted Period for such Shares had ended and the other Restrictions had lapsed, and certificates representing such Shares of Restricted Stock shall be delivered to the Participant's Beneficiary, heirs or estate free from such Restrictions as soon as practicable following such Termination, and all other Shares of Restricted Stock which would not have been released, if the Participant had not died, within the calendar year following the Participant's death will be forfeited and become the property of the Corporation on the date of such Termination. If a Participant's service as a member of the Board or the Advisory Board shall terminate because of his or her death, the Restricted Period or other Restrictions applicable to all previously granted Awards of Restricted Stock shall end or lapse, as the case may be, and such Shares shall be released and certificates representing such Shares of Restricted Stock shall be delivered to the Participant's Beneficiary, heirs or estate free from such Restrictions as soon as practicable following such Termination.

(b) Termination Due to Disability. If a Participant who is a Key Employee incurs a Termination due to Disability, all Shares of Restricted Stock awarded to such Participant which are then subject to a Restricted Period or other Restrictions, and which would have been released, if the Participant had not incurred a Termination, within the calendar year following such Participant's Termination shall be released on the date of the Participant's Termination as if the Restricted Period for such Shares had ended and the other Restrictions had lapsed, and certificates representing such Shares of Restricted Stock shall be delivered to the Participant free from such Restrictions as soon as practicable following such Termination, and all other Shares of Restricted Stock which would not have been released, if the Participant had not Terminated, within the calendar year following the Participant's Termination due to Disability will be forfeited and become the property of the Corporation on the date of such Termination. If a Participant's service as a member of the Board or the Advisory Board shall terminate because of his or her Disability, the Restricted Period or other Restrictions applicable to all previously granted Awards of Restricted Stock shall end or lapse, as the case may be, and such Shares shall be released and certificates representing such Shares of Restricted Stock shall be delivered to the Participant free from such Restrictions as soon as practicable following such Termination.

(c) Termination Due to Retirement. If a Participant's service as a member of the Board or the Advisory Board shall terminate because of his or her Retirement, the Restricted Period or other Restrictions applicable to all previously granted Awards of Restricted Stock shall end or lapse, as the case may be, and such Shares shall be released and certificates representing such

Shares of Restricted Stock shall be delivered to the Participant free from such Restrictions as soon as practicable following such Termination.

(d) Termination Due to Cause. If a Participant's service as a member of the Board or Advisory Board shall terminate for Cause, all Restricted Stock awarded under the Plan which are then subject to a Restricted Period or other Restrictions shall be forfeited and become property of the Corporation on the date of such termination of service.

(e) Other Termination. In the event of a Participant's Termination for any reason other than as described under Subsection 4.5(a), (b), (c), or (d) above, all Restricted Stock awarded to the Participant under the Plan which is then subject to a Restricted Period or other Restrictions shall be forfeited and become property of the Corporation on the date of such Termination.

4.6 SECTION 83(b) ELECTIONS. A Participant who files an election permitted under Section 83(b) of the Code with the Internal Revenue Service to include the Fair Market Value of any Shares of Restricted Stock in gross income while the Shares are still subject to a Restricted Period or other Restrictions shall notify the Corporation of such election within 10 days of making such election and promptly furnish to the Corporation a copy of such election together with the amount of any federal, state, local or other taxes required to be withheld to enable the Corporation to claim an income tax deduction with respect to such election.

4.7 CHANGE IN CONTROL. In the event of a Change in Control, all Restricted Periods shall end, the Restricted Period or other Restrictions applicable to all previously granted Awards of Restricted Stock shall end or lapse, as the case may be, and such Shares shall be released and certificates representing such Shares of Restricted Stock shall be delivered to the Participants free from such Restrictions as soon as practicable following such Change in Control, , provided that the Participant has not incurred a Termination prior to the Change in Control.

4.8 PERFORMANCE SHARES. The Committee may designate Restricted Stock as Performance Shares, if the Restrictions applicable to such Performance Shares are dependent, in whole or in part, on the extent to which performance goals specified in the Award Agreement are achieved by the Corporation, any Subsidiary, division or function of the Corporation, or the individual Participant are achieved. The extent to which Performance Shares vest will be determined by the Committee, in its sole discretion, as a function of the extent to which the corresponding performance goals have been achieved. Except as otherwise provided in the Award Agreement, all provisions of the Plan applicable to

Restricted Stock shall also apply to Performance Shares, provided that the extent to which Performance Shares vest upon a Termination pursuant to Section 4.5, or upon a Change in Control pursuant to Section 4.7, shall be as set forth in the Award Agreement, or, to the extent not specified in the Award Agreement, as determined by the Committee in its sole discretion.

SECTION 5. PHANTOM STOCK UNITS

5.1 AWARD OF PHANTOM STOCK

UNITS. Subject to the provisions of the Plan, the Committee, in its sole discretion, shall determine and designate from time to time those Eligible Individuals to whom Phantom Stock Units shall be granted, the number of Phantom Stock Units to be granted to any one Eligible Individual, the Restricted Period, the ability of Participants to defer the receipt of payment of such Phantom Stock Units, and the other terms and provisions of such Award. A Phantom Stock Unit that provides that the Participant shall be entitled to one Share upon the vesting of the Phantom Stock Unit may be designated by the Committee as a "Restricted Stock Unit", and a Phantom Stock Unit that provides that the Participant will be entitled to one or more Shares, or the equivalent value, may be designated by the Committee as a "Performance Share Unit", and the provisions of this Plan applicable to Phantom Stock Units shall apply equally to Restricted Stock Units or Performance Share Units, except as otherwise provided herein or in an Award Agreement.

5.2 VALUE OF PHANTOM STOCK

UNITS. Each Phantom Stock Unit may have an initial value that is established by the Committee at the Grant Date. The Committee may set performance goals in its sole discretion which, depending on the extent to which they are met, will determine the number and/or value of Phantom Stock Units that will be paid out to the Participant.

5.3 NO RIGHTS AS SHAREHOLDERS.

No Participant shall have any rights as a shareholder with respect to any Phantom Stock Units subject to his Award.

5.4 VESTING OR EARNING OF PHANTOM STOCK UNITS.

Subject to the terms of the Plan, after the applicable Restricted Period has ended, or the applicable performance goals have been satisfied, Participant shall be entitled to receive a payout of the number and value of Phantom Stock Units vested or earned, as the case may be, by the Participant over the Restricted Period. If the Committee establishes performance goals for an Award, the number and value of Share Units will be determined by the Committee, in its sole discretion, as a function of the extent to which the corresponding performance goals have been achieved. Any Award of Phantom Stock Units granted after the Effective Date to a Participant who is a Key Employee, consultant or advisor shall provide for a Restricted Period of not less than three (3) years for full vesting (one (1) year if vesting is also dependent on the achievement of performance goals), subject to acceleration as provided in Section 5.6 and 5.7.

5.5 FORM AND TIMING OF PAYMENT OF PHANTOM STOCK UNITS.

Except as provided below, payment of vested or earned Phantom Stock Units shall be made in the form of cash or in Shares (or in a combination thereof) which have an aggregate Fair Market Value equal to the value of the vested or earned Phantom Stock Units at the close of the applicable Restricted Period. At the Grant Date or shortly thereafter, the Committee, in its sole discretion and in accordance with terms designated by the Committee, may provide for a voluntary and/or mandatory deferral of all or any part of an otherwise vested or earned Phantom Stock Unit Award. At the sole discretion of the Committee, Participants may be entitled to receive any dividends declared with respect to Shares earned in connection with a Phantom Stock Unit Award which has been vested or earned, but not yet distributed to Participants (such dividends shall be subject to the same forfeiture, and payout restrictions as apply to dividends earned with respect to Shares of Restricted Stock, if any). Payment with respect to Phantom Stock Units shall be made as soon as practical after the right to payment vests, but in no event later than March 15 of the year following the year in which the right to payment vests.

5.6 EFFECT OF TERMINATION. The Committee, in its sole discretion, shall set forth in the applicable Award Agreement the extent to which a

Participant shall have the right to a payout of a Phantom Stock Unit Award following a Termination. Such provisions need not be uniform among all Awards of Phantom Stock Units granted pursuant to the Plan, and may reflect distinctions based on the reasons for such Termination.

5.7 CHANGE IN CONTROL. The Committee, in its sole discretion, shall set forth in the applicable Award Agreement the extent to which a Participant shall have the right to a payout of a Phantom Stock Unit Award in the event of a Change in Control. Such provisions need not be uniform among all Awards of Phantom Stock Units granted pursuant to the Plan, and may reflect distinctions based on the reasons for such Termination.

SECTION 6. GENERAL PROVISIONS

6.1 GENERAL CREDITOR

STATUS. Participants shall have no right, title, or interest whatsoever in or to any investments that the Corporation may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and any Participant, Beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Corporation under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Corporation. All payments to be made hereunder shall be paid from the general funds of the Corporation and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan; provided, however, that in its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Shares or pay cash; provided, further, however, that, unless the Committee otherwise determines with the consent of the affected Participant, the existence of such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan.

6.2 CERTAIN ADJUSTMENTS TO

SHARES. In the event of any change in the Shares by reason of any stock dividend, recapitalization, reorganization, spin-off, split-off, merger, consolidation, stock split, reverse stock split, combination or exchange of shares, or any rights offering to purchase Shares at a price substantially below Fair Market Value, or of any similar change affecting the Shares of or by the Corporation, the number and kind of Shares available for Awards under the Plan, the number and kind of Shares or Phantom Stock Units subject to an outstanding Award, the Option Price, Strike Price or purchase price per Share thereof shall be appropriately adjusted consistent with such change in such manner as the Committee, in its sole discretion, may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, the Participants hereunder. Any adjustment of an Incentive Stock Option pursuant to this Section shall be made only to the extent not constituting a "modification" within the meaning of Section 424 of the Code, unless the holder of such Option shall agree otherwise. The Committee shall give notice to each Participant of any adjustment made pursuant to this Section and, upon notice, such adjustment shall be effective and binding for all purposes of the Plan.

6.3 SUCCESSOR CORPORATION.

The obligations of the Corporation under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Corporation, or upon any successor corporation or organization succeeding to substantially all

of the assets and business of the Corporation. The Corporation agrees that it will make appropriate provision for the preservation of Participants' rights under the Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets, taking into account the following sentence. Pursuant to any transfer of the Corporation's assets and business to a successor organization, the Committee may make such adjustments to outstanding Awards as it may determine to be fair and equitable, in accordance with Section 6.4, which adjustments may include cancelling any outstanding Awards in consideration of the payment to the Participant of an amount equal to the value, as determined by the Committee, of the consideration that the Participant would have received pursuant to such transaction for the number of Shares subject to such Award reduced, in the case of an Option or SAR, by the Option Price or Strike Price, and if the Option Price or Strike Price exceeds the fair market value of the Shares subject to the Option or SAR, the Option or SAR may be cancelled without payment of any further consideration. No Award that was not vested prior to the transaction shall be cancelled unless such Award is vested (subject to the Committee's determination of the extent to which performance goals, if applicable, have been met) in connection with the transaction and the Participant given a reasonable opportunity to exercise such Award.

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6.4 NO CLAIM OR RIGHT UNDER THE

PLAN. Neither the Plan nor any action taken thereunder shall be construed as giving any employee, consultant or advisor any right to be retained in the employ of or by the Corporation or any Director or Advisory Board Member any right to continue in the service of the Board or Advisory Board, as the case may be.

**6.5 AWARDS NOT TREATED AS
COMPENSATION UNDER BENEFIT PLANS.**

No Award shall be considered as compensation under any employee benefit plan of the Corporation, except as specifically provided in any such plan or as otherwise determined by the Board.

6.6 LISTING AND QUALIFICATION OF

SHARES. The Corporation, in its discretion, may postpone the issuance or delivery of Shares upon any exercise of an Option or SAR or pursuant to an Award of Restricted Stock or Phantom Stock Units until completion of such stock exchange listing or other qualification of such shares under any state or federal law, rule or regulation as the Corporation may consider appropriate, and may require any Participant, Beneficiary or legal representative to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of the Shares in compliance with applicable laws, rules and regulations.

6.7 WITHHOLDING TAXES.

The Corporation may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state and local taxes required by law to be withheld with respect to Awards granted pursuant to the Plan including, but not limited to (i) accepting a remittance from the Participant in cash, or, in the Committee's sole discretion, in Mature Shares, (ii) deducting the amount required to be withheld from any other amount then or thereafter payable by the Corporation or Subsidiary to a Participant, Beneficiary or legal representative or from any Shares due to the Participant under the Plan, (iii) requiring a Participant, Beneficiary or legal representative to pay to the Corporation the amount required to be withheld as a condition of releasing Shares, or (iv) any combination of the foregoing. In addition, subject to such rules and regulations as the Committee shall from time to time establish, Participants shall be permitted to satisfy federal, state and local taxes, if any, imposed upon the payment of Awards in Shares at a rate up to such Participant's maximum marginal tax rate with respect to each such tax by (A) irrevocably electing to have the Corporation deduct from the number of Shares otherwise deliverable in payment of an Award such number of Shares as shall have a value equal to the amount of tax to be withheld, (B) delivering to the Corporation such portion of the Shares delivered in payment of the Award as shall have a value equal to the amount of tax to be withheld, or (C) delivering to the Corporation such number of Mature Shares or combination of Mature Shares and cash as shall

have a value equal to the amount of tax to be withheld.

**6.8 NON-TRANSFERABILITY/DESIGNATION
AND CHANGE OF BENEFICIARY.**

(a) Transferability

Restrictions. Unless otherwise provided in an Award Agreement, an Award granted hereunder shall not be assignable or transferable other than by will or by the laws of descent and distribution and may be exercised during the Participant's lifetime only by the Participant or his or her guardian or legal representative, except that a Participant may, if permitted by the Committee, in its sole discretion, transfer an Award other than an Incentive Stock Option, or any portion thereof, to one or more members of the Participant's Immediate Family, or one or more trusts for the benefit of such family members or partnerships in which such family members and/or trusts are the only partners, or a charitable organization or foundation selected by the Participant. In the case of a transfer of Restricted Stock or Phantom Stock Units hereunder, the terms and conditions of the Restricted Period and Restrictions, if any, shall continue to apply to the Permitted Transferee of such Shares or Units, as applicable. In the case of a transfer of an Option or SAR hereunder, the exercisability of such transferred Option or SAR, as applicable, shall continue to apply to the Permitted Transferee.

(b) Beneficiary Designations. Each Participant shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount,

if any, payable under the Plan upon his or her death. A Participant may, from time to time, revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt.

6.9 PAYMENTS TO PERSONS OTHER THAN A PARTICIPANT. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his or her estate (unless a prior claim has been made by a duly appointed legal representative), may, if the Committee so directs the Corporation, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Corporation therefor.

6.10 NO LIABILITY OF COMMITTEE MEMBERS. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his or her behalf in his or her capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Corporation shall indemnify and hold harmless each employee, officer or Director of the Corporation to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith. The indemnification provided for in this Section shall be in addition to any rights of indemnification such Committee member has as a director or officer pursuant to law, under the Certificate of Incorporation or By-Laws of the Corporation.

6.11 AMENDMENT OR TERMINATION. Except as to matters that in the opinion of the Corporation's legal counsel require shareholder approval, any provision of the Plan may be modified as to a Participant by an individual written agreement approved by the Committee. The Board may, with prospective or retroactive effect, amend, suspend or terminate the Plan or any portion thereof at any time; provided, however, that (i) no amendment that would materially increase the cost of the Plan to the Corporation may be made by the Board without the approval of the

shareholders of the Corporation and (ii) no amendment, suspension or termination of the Plan shall deprive any Participant of any rights to Awards previously made under the Plan without his or her written consent. Subject to earlier termination pursuant to the provisions of this Section, and unless the shareholders of the Corporation shall have approved an extension of the Plan beyond such date, the Plan shall terminate and no further Awards shall be made under the Plan after the 10th anniversary of the effective date of the Plan specified in Subsection 1.1.

6.12 GOVERNING LAW. The Plan shall be governed by and construed in accordance with the laws of the State of Maryland, without reference to the principles of conflicts of law thereof.

6.13 NON-UNIFORM DETERMINATIONS. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among persons who receive, or are eligible to receive, Awards whether or not such persons are similarly situated. Without limiting the generality of the foregoing, the Committee shall be entitled, to enter into non-uniform and selective Award Agreements, including, but not limited to, (a) the identity of the Participant, (b) the terms and provisions of Awards, and (c) the treatment of Terminations.

6.14 NO ILLEGAL TRANSACTIONS. The Plan and all Awards granted pursuant to it are subject to all applicable laws and regulations. Notwithstanding any provision of the Plan or any Award, Participants shall not be entitled to exercise, or receive benefits under, any Award, and the Corporation

shall not be obligated to deliver any Shares or deliver any benefits to a Participant, if such exercise or delivery would constitute a violation by the Participant or the Corporation of any applicable law or regulation.

6.15 SEVERABILITY. If any part of the Plan is declared by any court of governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other part of the Plan. Any Section or part of a Section so declared to be unlawful or invalid shall, if possible, be construed in manner which will give effect to the terms of such Section to the fullest extent possible while remaining lawful and valid.

6.16 HEADINGS. Headings are included for the convenience of reference only and shall not be used in the interpretation or construction of any such provision contained in the Plan.

6.17 SECTION 409A. It is the Corporation's intent that any Awards granted under this Plan are structured to be exempt from Section 409A of the Code, including all Treasury Regulations and other guidance issuance pursuant thereto ("Section 409A") or are structured to comply with the requirements of deferred compensation subject to Section 409A. Notwithstanding any contrary provision of the Plan or any Award, the following provisions shall apply to any Award in a manner consistent with such intent.

(a) For purposes of this Section 6.17, an Award shall constitute a "409A Award" if and to the extent either:

- (i) it is an Award (other than an Option, SAR, or Restricted Stock) that (A) is not 'subject to a substantial risk of forfeiture' as defined in Section 409A (by reason of the Participant having attained eligibility for Retirement or otherwise), and (B) (1) that is actually settled after March 15 of the year following the year in which the Award ceases to be subject to a substantial risk of forfeiture or (2) that the terms of the Plan or the Award provide will be settled after such March 15 or upon or after the occurrence of any event that may occur after such March 15; or

(ii)

the Committee determines
that the Award otherwise
constitutes deferred
compensation as defined in
Section 409A.

(b) If any amount becomes payable under any 409A Award by reason of a Participant's Termination, and such Participant incurs a Termination as set forth in the Plan or the Award that is not a "separation from service," as defined by Section 409A, then the Participant's right to such payment, shall be vested on the date of the Termination to the extent provided by the Plan or Award Agreement, but payment shall be deferred until the earliest of (i) the date the Participant incurs such a separation from service (or six months thereafter if and to the extent required by Section 6.17(d)), (ii) the date that a "change in control event" as defined in Section 409A occurs with respect to the Participant, (iii) the Participant's death, or (iv) if the terms of the Award provide for payment upon a specific vesting date, such specific vesting date.

(c) If any amount becomes payable under any 409A Award by reason of a Change in Control, and a Change in Control occurs as defined by the Plan or the Award that is not a "change in control event," as defined by Section 409A, with respect to such Participant, then the Participant's right to such payment shall be vested on the date of the Change in Control to the extent provided in the Plan or Award Agreement, and the amount of such payment shall be determined as of such date, but payment shall be deferred until the earliest of (i) the date on which a change in control event occurs with respect to the Participant, (ii) the date on which the Participant incurs a separation from service (or six months thereafter to the extent required by Section 6.17(d)), (iii) the Participant's death, or (iv) if the terms of the Award provide for payment upon a specific vesting date, such specific vesting date.

(d) No amount that becomes payable under any 409A Award by reason of a Participant's separation from service (as determined after the application of Section 6.17(b) and (c)) will be made to a Participant who is a "specified employee" (as defined by Section 409A) until the earlier of: (i) the first day of the seventh month following the month that includes the Participant's separation from service, or (ii) the Participant's date of death.

(e) To the extent that payment of any amount of a 409A Award is required to be deferred to a later date (the "409A Deferral Date") by reason of Section 409A, all amounts that would otherwise have been paid prior to the 409A Deferral Date shall be paid in a single lump sum on the first business day following the 409A Deferral Date, and the Committee may, in its sole discretion (but shall in no event be required to) permit an earlier payment to a Participant to the extent necessary to alleviate a "severe financial hardship" resulting from an "unforeseeable emergency," all as defined in Section 409A.

(f) For purposes of Section 409A, each "payment" (as defined by Section 409A) made under this Plan shall be considered a "separate payment" for purposes of Section 409A.

(g) Any payment with respect to a 409A Award that becomes payable upon a specified date, as defined in the Plan or Award, shall be paid as soon as practical after such date, but not later than the last day of the calendar year in which the date occurs.

(h) Any election by a Participant to defer receipt of any amount payable with respect to a 409A Award shall be made only in accordance with a written policy adopted by the Committee that satisfies all requirements of Section 409A.

(i) Notwithstanding the Corporation's intentions as set forth above, if any Award granted under this Plan would fail to meet the requirements of Section 409A with respect to such Award, then such Award shall remain in effect and be subject to taxation in accordance with Section 409A. Neither the Corporation nor any member of the Committee shall have any liability for any tax imposed on a Participant by Section 409A, and, if any tax is imposed on the Participant, the Participant shall have no recourse against the Corporation or any member of the Committee for payment of any such tax.

6.18 CERTAIN FORFEITURE EVENTS.

(a) The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture (including repurchase of Shares for nominal consideration), or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, failure to remit the amounts necessary to satisfy the Participant's tax withholding obligations, termination of employment for Cause, termination of the Participant's provision of services to the Corporation, Affiliate, and/or Subsidiary, violation of material Corporation, Affiliate, and/or Subsidiary policies, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Corporation, its Affiliates, and/or its Subsidiaries.

(b) If the Corporation is required to prepare an accounting restatement due to the material noncompliance of the Corporation, as a result of misconduct, with any financial reporting requirement under the securities laws, if the Participant knowingly or grossly negligently engaged in the misconduct, or knowingly or grossly negligently failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall, to the extent required by Section 304 of the Sarbanes-Oxley Act of 2002, reimburse the Corporation the amount of any payment in settlement of an Award earned or accrued during the twelve (12) month period following the first public

issuance or filing with the United States Securities and Exchange Commission (whichever just occurred) of the financial document embodying such financial reporting requirement.

(c) To the extent that any policy adopted by the Corporation in order to comply with regulations issued pursuant to Section 10D of the Exchange Act, as required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, requires any Participant to forfeit any Award, or repay any amount paid with respect to any Award, such policy shall be deemed incorporated into all outstanding Awards to the extent required by such regulations, and all Participants subject to such regulations, by accepting any Award, shall be deemed to have consented to the inclusion of provisions in their Award Agreement as determined by the Committee to be necessary or appropriate to comply with such regulations.

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MACK-CALI REALTY CORPORATION

2013 ANNUAL MEETING OF STOCKHOLDERS

DATE: May 15, 2013
TIME: 2:00 P.M.
PLACE: HYATT REGENCY
JERSEY CITY ON THE
HUDSON
HARBORSIDE
FINANCIAL CENTER
2 EXCHANGE PLACE
JERSEY CITY, NEW
JERSEY 07302-3901

DETACH HERE

MACK-CALI REALTY CORPORATION

**THIS PROXY IS SOLICITED BY THE BOARD OF
DIRECTORS**

The undersigned hereby appoint(s) Mitchell E. Hersh, Barry Lefkowitz and Roger W. Thomas, or any of them, lawful attorneys and proxies of the undersigned, with full power of substitution, for and in the name, place and stead of the undersigned to attend the Annual Meeting of Stockholders (the "Annual Meeting") of Mack-Cali Realty Corporation (the "Company") to be held at the Hyatt Regency Jersey City on the Hudson, Harborside Financial Center, 2 Exchange Place, Jersey City, New Jersey 07302-3901, on Wednesday, May 15, 2013, at 2:00 p.m., local time, and any adjournment(s) or postponement(s) thereof, with all powers the undersigned would possess if personally present, and to vote the number of shares the undersigned would be entitled to vote if personally present.

This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted for proposal numbers 1, 2, 3 and 4. If any other matters should properly come before the Annual Meeting or any adjournment or postponement thereof

this proxy will be voted in the discretion of the proxy holders. Any prior proxies are hereby revoked.

**IMPORTANT NOTICE REGARDING THE
AVAILABILITY OF PROXY MATERIALS FOR
THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 15, 2013.**

**Our Proxy Statement, the Notice of Annual Meeting of
Stockholders and Our Annual Report to Stockholders
are available at
http://www.mack-cali.com/investors/company_filings/**

PLEASE VOTE, DATE AND SIGN THIS PROXY ON
THE OTHER SIDE AND RETURN PROMPTLY IN
THE ENCLOSED ENVELOPE.

HAS YOUR ADDRESS CHANGED?	DO YOU HAVE ANY COMMENTS?
------------------------------	------------------------------

[GRAPHIC]

MACK-CALI REALTY CORPORATION

Proxy Voting Instructions

Your vote is important. Authorizing the proxies named herein to cast your vote in one of the three ways described on this instruction card, each of which is permitted by the Maryland General Corporation Law, votes all common shares of Mack-Cali Realty Corporation that you are entitled to vote. We urge you to promptly authorize the proxies named herein to cast your vote by:

[GRAPHIC]

•
Vote-by-Internet: Log on to the Internet and go to
<http://www.investorvote.com/cli>

[GRAPHIC]

•
Vote-by-Telephone: call toll-free 1-800-652-VOTE
(1-800-652-8683).

[GRAPHIC]

• Scan the QR
code with your smartphone.

If you vote over the Internet or by telephone, please do not mail your card.

DETACH HERE IF YOU ARE RETURNING YOUR
PROXY CARD BY MAIL

x **Please mark votes as in this example.**

The Board of Directors recommends a vote FOR all the nominees listed in Proposal 1 and FOR Proposals 2, 3 and 4.

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	FOR	WITHHELD
1. The Election of Directors:	<input type="radio"/>	<input type="radio"/>
For, except vote withheld from the following nominee(s):		

NOMINEES FOR DIRECTOR:

- 01. Kenneth M. Duberstein
- 02. Vincent Tese
- 03. Roy J. Zuckerberg

	FOR	AGAINST	ABSTAIN
2. Advisory vote approving the compensation of our named executive officers, as such compensation is described under the Compensation Discussion and Analysis and Executive Compensation sections of the accompanying proxy statement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	FOR	AGAINST	ABSTAIN
3. Ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2013.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	FOR	AGAINST	ABSTAIN
4. Approval and adoption of the Mack-Cali Realty Corporation 2013 Incentive Stock Plan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In accordance with their discretion, said Attorneys and Proxies are authorized to vote upon such other matters or proposals not known at the time of solicitation of this proxy which may properly come before the Annual Meeting. Any prior proxy authorized by the undersigned is hereby revoked. The undersigned hereby acknowledges

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receipt of the Notice of Annual Meeting and the related
Proxy Statement dated April 15, 2013.

Please sign exactly as your name or names appear on the records of the Company and date. Joint owners should each sign. When signing as attorney, executor, administrator, trustee, guardian or corporate officer give full title.

Signature(s)	Date	Signature(s)	Date
--------------	------	--------------	------

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MACK-CALI REALTY CORPORATION 2013 INCENTIVE STOCK PLAN