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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: JUNE 30, 2002

or

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_______________________ TO _______________________

Commission File Number: 001-11954

VORNADO REALTY TRUST

(Exact name of registrant as specified in its charter)

MARYLAND	22-1657560
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
888 SEVENTH AVENUE, NEW YORK, NEW YORK	10019
(Address of principal executive offices)	(Zip Code)

(212) 894-7000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

/X/ Yes / / No

As of August 2, 2002, 107,276,095 of the registrant's common shares of beneficial interest are outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VORNADO REALTY TRUST

CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share and per share amounts)	JUNE 30, 2002	DECEMBER 31, 2001
ASSETS		
Real estate, at cost:		
Land	$ 1,491,706	$ 895,831
Buildings and improvements	5,613,451	3,480,249
Development costs and construction in progress	125,608	258,357
Leasehold improvements and equipment	65,699	55,774
Total	7,296,464	4,690,211
Less accumulated depreciation and amortization	(639,704)	(506,225)
Real estate, net	6,656,760	4,183,986
Cash and cash equivalents, including U.S. government obligations under repurchase agreements of $90,520 and $15,235	684,183	265,584
Escrow deposits and restricted cash	355,198	204,463
Marketable securities	77,201	126,774
Investments in and advances to partially-owned entities, including Alexander's of $185,953 and $188,522	948,825	1,270,195
Due from officers	18,266	18,197
Accounts receivable, net of allowance for doubtful accounts of $9,303 and $8,831	70,698	47,406
Notes and mortgage loans receivable	94,887	258,555
Receivable arising from the straight-lining of rents	157,093	138,154
Other assets	309,626	264,029
	$ 9,372,737	$ 6,777,343
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and mortgages payable	$ 3,935,646	$ 2,477,173
Senior unsecured notes due 2007	499,283	--
Accounts payable and accrued expenses	199,960	179,597
Officers' compensation payable	14,120	6,708
Deferred leasing fee income	11,579	11,940
Other liabilities	1,707	51,895
Total liabilities	4,662,295	2,727,313
Minority interest of unitholders in the Operating Partnership	2,083,733	1,479,658
Commitments and contingencies		
Shareholders' equity:		
Preferred shares of beneficial interest: no par value per share; authorized 45,000,000 shares;		
Series A: liquidation preference $50.00 per share; issued and outstanding 2,027,323 and 5,520,435 shares	101,370	276,024
Series B: liquidation preference $25.00 per share; issued and outstanding 3,400,000 shares	81,805	81,805
Series C: liquidation preference $25.00 per share; issued and outstanding 4,600,000 shares	111,148	111,148
Common shares of beneficial interest: $.04 par value per share; authorized, 200,000,000 shares; issued and outstanding, 106,953,869 and 99,035,023 shares	4,279	3,961
Additional capital	2,452,293	2,162,512
Distributions in excess of net income	(128,768)	(95,647)
	2,622,127	2,539,803
Deferred compensation shares earned but not yet delivered	38,253	38,253
Deferred compensation shares issued but not yet earned	(16,286)	--
Accumulated other comprehensive loss	(12,681)	(2,980)
Due from officers for purchase of common shares of beneficial interest	(4,704)	(4,704)
Total shareholders' equity	2,626,709	2,570,372
	$ 9,372,737	$ 6,777,343

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands except per share amounts)

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Revenues:				
Rentals	$ 309,869	$ 212,252	$ 611,629	$ 416,970
Expense reimbursements	36,315	31,543	74,119	66,635
Other income (including fee income from related parties of $381 and $514 in each three month period and $584 and $884 in each six month period)	7,063	2,280	13,823	5,080
Total revenues	353,247	246,075	699,571	488,685
Expenses:				
Operating	126,267	96,831	253,713	197,214
Depreciation and amortization	49,563	30,086	97,151	61,951
General and administrative	23,759	22,415	47,226	36,663
Amortization of Officer's deferred compensation expense	6,875	--	13,750	--
Costs of acquisitions not consummated	--	--	--	5,000
Total expenses	206,464	149,332	411,840	300,828
Operating income	146,783	96,743	287,731	187,857
Income applicable to Alexander's	4,487	4,676	10,055	16,980
Income from partially-owned entities	9,826	19,228	23,612	43,218
Interest and other investment income	9,934	15,874	19,577	29,347
Interest and debt expense	(60,119)	(43,994)	(118,137)	(93,389)
Net gain (loss) on disposition of wholly-owned and partially-owned assets	(4,981)	1,934	(3,450)	(2,789)
Minority interest:				
Perpetual preferred unit distributions	(18,254)	(17,326)	(36,508)	(34,652)
Minority limited partnership earnings	(18,411)	(10,614)	(33,094)	(20,243)
Partially-owned entities	(554)	(409)	(1,543)	(768)
Income before cumulative effect of change in accounting principle and extraordinary item	68,711	66,112	148,243	125,561
Cumulative effect of change in accounting principle	--	--	(30,129)	(4,110)
Extraordinary item	--	--	--	1,170
Net income	68,711	66,112	118,114	122,621
Preferred share dividends (including accretion of issuance expenses of $240 and $958 in 2001)	(5,896)	(9,192)	(12,027)	(18,865)
NET INCOME applicable to common shares	$ 62,815	$ 56,920	$ 106,087	$ 103,756
NET INCOME PER COMMON SHARE - BASIC	$ .59	$ .65	$ 1.02	$ 1.19
NET INCOME PER COMMON SHARE - DILUTED	$ .57	$ .64	$ .97	$ 1.16
DIVIDENDS PER COMMON SHARE	$ .66	$ .53	$ 1.32	$ 1.06

See notes to consolidated financial statements.

VORNADO REALTY TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	FOR THE SIX MONTHS ENDED JUNE 30, 2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 118,114	$ 122,621
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	30,129	4,110
Extraordinary item	--	(1,170)
Minority interest	71,145	55,663
Net gain on disposition of wholly-owned and partially-owned assets	3,450	2,789
Depreciation and amortization	97,151	61,951
Amortization of Officer's deferred compensation expense	13,750	--
Straight-lining of rental income	(18,939)	(14,542)
Equity in income of Alexander's	(10,055)	(16,980)
Equity in income of partially-owned entities	(23,612)	(43,218)
Changes in operating assets and liabilities	(33,835)	21,642
Net cash provided by operating activities	247,298	192,866
CASH FLOWS FROM INVESTING ACTIVITIES:		
Development costs and construction in progress	(34,841)	(74,856)
Investments in partially-owned entities	(21,984)	(25,221)
Distributions from partially-owned entities	67,454	93,032
Investment in notes and mortgage loans receivable	(741)	(30,767)
Repayment of notes and mortgage loans receivable	60,000	6,057
Cash restricted, primarily mortgage escrows	(113,831)	27,851
Additions to real estate	(60,323)	(49,326)
Purchases of marketable securities	--	(9,350)
Proceeds from sale of marketable securities	53,445	1,121
Real estate deposits and other	(24,970)	1,493
Net cash used in investing activities	(75,791)	(59,966)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	622,765	118,853
Repayments of borrowings	(200,612)	(111,748)
Debt issuance costs	(2,800)	--
Proceeds from issuance of common shares	56,658	--
Distributions to minority partners	(70,782)	(53,710)
Dividends paid on common shares	(169,838)	(90,992)
Dividends paid on preferred shares	(12,027)	(17,926)
Exercise of stock options	23,728	5,554
Net cash provided by (used in) financing activities	247,092	(149,969)
Net increase (decrease) in cash and cash equivalents	418,599	(17,069)
Cash and cash equivalents at beginning of period	265,584	136,989
Cash and cash equivalents at end of period	$ 684,183	$ 119,920
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest (including capitalized interest of $4,721 in 2002 and $7,556 in 2001)	$ 113,172	$ 95,737
NON-CASH TRANSACTIONS:		
Class A units issued in acquisitions	$ 607,155	$ --
Financing assumed in acquisitions	991,980	--
Unrealized gain on securities available for sale	--	2,760

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Vornado Realty Trust is a fully-integrated real estate investment trust ("REIT"). Vornado conducts its business through Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"). Vornado is the sole general partner of, and owned approximately 79% of the common limited partnership interest in, the Operating Partnership at June 30, 2002. All references to the "Company" and "Vornado" refer to Vornado Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

2. BASIS OF PRESENTATION

The consolidated balance sheet as of June 30, 2002, the consolidated statements of income for the three and six months ended June 30, 2002 and 2001 and the consolidated statements of cash flows for the six months ended June 30, 2002 and 2001 are unaudited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Vornado's Annual Report on Form 10-K for the year ended December 31, 2001 as filed with the Securities and Exchange Commission. The results of operations for the six months ended June 30, 2002 are not necessarily indicative of the operating results for the full year.

The accompanying consolidated financial statements include the accounts of Vornado Realty Trust and its majority-owned subsidiary, Vornado Realty L.P., as well as entities in which the Company has a 50% or greater interest, provided that the Company exercises control (where the Company does not exercise control, such entities are accounted for under the equity method). All significant intercompany amounts have been eliminated. Equity interests in partially-owned corporate entities are accounted for under the equity method of accounting when the Company's ownership interest is more than 20% but less than 50%. When partially-owned investments are in partnership form, the 20% threshold may be reduced. For all other investments, the Company uses the cost method. Equity investments are recorded initially at cost and subsequently adjusted for the Company's share of the net income or loss and cash contributions and distributions to or from these entities.

Management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

3. RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS (effective January 1, 2002). SFAS No. 142 specifies that goodwill and some intangible assets will no longer be amortized but instead be subject to periodic impairment testing. In the first quarter of 2002, the Company wrote-off goodwill of approximately $30,129,000 of which (i) $15,490,000 represents its share of the goodwill arising from the Company's investment in Temperature Controlled Logistics and (ii) $14,639,000 represents goodwill arising from the Company's acquisition of the Hotel Pennsylvania. The write-off has been reflected as a cumulative effect of a change in accounting principle. Earnings allocable to the minority limited partners has been reduced by their pro-rata share of the write-off of goodwill. Previously reported Net Income Applicable to Common Shares for the three and six months ended June 30, 2001 would have been approximately $300,000 and $600,000 higher if such goodwill was not amortized in the prior year's quarter and six months.

In August 2001, the FASB issued SFAS No. 143, ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS (effective January 1, 2003) and SFAS No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS (effective January 1, 2002). SFAS No. 143 requires the recording of the fair value of a liability for an asset retirement obligation in the period which it is incurred. SFAS No. 144 supersedes current accounting literature and now provides for a single accounting model for long-lived assets to be disposed of by sale and requires discontinued operations presentation for disposals of a "component" of an entity. The adoption of these statements did not have a material effect on the Company's financial statements; however under SFAS No. 144, if the Company were to dispose of a material operating property, such property's results of operations will have to be separately disclosed as discontinued operations in the Company's financial statements.

In April 2002, the FASB issued SFAS No. 145, RESCISSION OF SFAS NO. 4, 44, AND 64, AMENDMENT OF SFAS NO. 13, AND TECHNICAL CORRECTION. SFAS No. 145 rescinds SFAS No. 4, REPORTING GAINS AND LOSSES FROM EXTINGUISHMENT OF DEBT, SFAS No. 44, ACCOUNTING FOR INTANGIBLE ASSETS OF MOTOR CARRIERS, and SFAS No. 64, EXTINGUISHMENTS OF DEBT MADE TO SATISFY SINKING-FUND REQUIREMENTS. SFAS No. 145 requires, among other things, (i) that the modification of a lease that results in a change of the classification of the lease from capital to operating under the provisions of SFAS No. 13 be accounted for as a sale-leaseback transaction and (ii) the reporting of gains or losses from the early extinguishment of debt as extraordinary items only if they met the criteria of Accounting Principles Board Opinion No. 30, REPORTING THE RESULTS OF OPERATIONS. The rescission of SFAS No. 4 is effective January 1, 2003. The amendment of SFAS No. 13 is effective for transactions occurring on or after May 15, 2002. The adoption of this statement will not have a material effect on the Company's financial statements.

In July 2002, the FASB issued SFAS No. 146, ACCOUNTING FOR COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES (effective January 1, 2003). SFAS No. 146 replaces current accounting literature and requires the recognition of costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The Company does not anticipate the adoption of this statement will have a material effect on the Company's financial statements.

4. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

CHARLES E. SMITH COMMERCIAL REALTY L.P.

On January 1, 2002, the Company completed the combination of Charles E. Smith Commercial Realty L.P. ("CESCR") with Vornado. Prior to the combination, Vornado owned a 34% interest in CESCR. The consideration for the remaining 66% of CESCR was approximately $1,600,000,000, consisting of 15.6 million newly issued Vornado Operating Partnership units (valued at $607,155,000) and $991,980,000 of debt (66% of CESCR's total debt).

This acquisition was recorded under the purchase method of accounting. The related purchase costs were allocated to acquired assets and assumed liabilities using their relative fair values as of January 1, 2002 based on valuations and other studies certain of which are not yet complete. Accordingly, the initial valuations are subject to change as such information is finalized. The Company believes that any such change will not be significant because the allocations were principally to real estate.

The unaudited pro forma information set forth below presents the condensed consolidated statements of income for the Company for the three and six months ended June 30, 2001 as if the following transactions had occurred on January 1, 2001, (i) the acquisition of CESCR described above and (ii) the Company's November 21, 2001 sale of 9,775,000 common shares and the use of proceeds to repay indebtedness.

Condensed Consolidated Statements of Income (in thousands, except per share amounts)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	Pro Forma 2001	2002	Pro Forma 2001
Revenues	$ 353,247	$ 341,686	$ 699,571	$ 679,542
Income before cumulative effect of change in accounting principle and extraordinary item	$ 68,711	$ 67,657	$ 148,243	$ 131,459
Cumulative effect of change in accounting principle	--	--	(30,129)	(4,110)
Extraordinary item	--	--	--	1,170
Net income	68,711	67,657	118,114	128,519
Preferred share dividends	(5,896)	(9,192)	(12,027)	(18,865)
Net income applicable to common shares	$ 62,815	$ 58,465	$ 106,087	$ 109,654
Net income per common share - basic	$ .59	$ .60	$ 1.02	$ 1.13
Net income per common share - diluted	$ .57	$ .59	$ .97	$ 1.10

4. ACQUISITIONS AND DISPOSITIONS - CONTINUED

INVESTMENT IN PRIMESTONE

On September 28, 2000, the Company made a $62,000,000 loan to Primestone Investment Partners, L.P. ("Primestone"). The Company received a 1% upfront fee and was entitled to receive certain other fees aggregating approximately 3% upon repayment of the loan. The loan bore interest at 16% per annum. Primestone defaulted on the repayment of this loan on October 25, 2001. The loan was subordinate to $37,957,000 of other debt of the borrower. On October 31, 2001, the Company purchased the other debt for its face amount. The loans were secured by 7,944,893 partnership units in Prime Group Realty, L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE) and the partnership units are exchangeable for the same number of common shares of PGE. The loans are also guaranteed by affiliates of Primestone.

On November 19, 2001, the Company sold, pursuant to a participation agreement with a subsidiary of Cadim inc., a Canadian pension fund, a 50% participation in both loans at par for approximately $50,000,000 reducing the Company's net investment in the loans at December 31, 2001 to $56,768,000 including unpaid interest and fees of $6,790,000.

On April 30, 2002, the Company and Cadim acquired the 7,944,893 partnership units at a foreclosure auction. The price paid for the units by application of a portion of Primestone's indebtedness to the Company and Cadim was $8.35 per unit, the April 30, 2002 PGE closing price on The New York Stock Exchange. On June 28, 2002, pursuant to the terms of the participation agreement, the Company transferred 3,972,447 of the partnership units to Cadim.

In the second quarter, in accordance with foreclosure accounting, the Company recorded a loss on the Primestone foreclosure of $17,671,000 calculated based on (i) the acquisition price of the units and (ii) its valuation of the amounts realizable under the guarantees by affiliates of Primestone, as compared with the net carrying amount of the investment at April 30, 2002. At June 30, 2002, the Company's carrying amount of the investment was $40,270,000, of which $33,170,000 represents the carrying amount of the 3,972,447 partnership units owned by the Company ($8.35 per unit) and $7,100,000 represents the amount realizable under the guarantees (see Note 5. Investments in and Advances to Partially-Owned Entities).

At July 30, 2002, PGE's closing stock price on the New York Stock Exchange was $5.43 per share. The ultimate realization of the Company's investment will depend upon the future performance of the Chicago real estate market and the performance of PGE, as well as the ultimate realizable value of the net assets supporting the guarantees and the Company's ability to collect under the guarantees. The Company will continue to monitor this investment to determine whether additional write-downs are required based on (i) declines in value of the PGE stock (for which the partnership units are exchangeable) which are "other than temporary" as used in accounting literature and (ii) the realizable value of the guarantees.

CRYSTAL GATEWAY ONE

On July 1, 2002, the Company acquired a 360,000 square foot office building from a limited partnership, which is approximately 50% owned by Mr. Robert H. Smith and Mr. Robert P. Kogod, trustees of the Company in exchange for approximately 325,700 newly issued Vornado Operating Partnership units (valued at $14,800,000). The building is located in the Crystal City complex in Arlington, Virginia where the Company already owns 24 office buildings containing over 6.9 million square feet, which it acquired on January 1, 2002, in connection with the Company's acquisition of CESCR. In March 2002, the Company had purchased the mortgage on this property for $55,000,000. On June 28, 2002, the limited partnership completed a $58,500,000 mortgage refinancing which bears interest at 6.75% and matures in July 2012 and repaid the Company's $55,000,000 mortgage.

4. ACQUISITIONS AND DISPOSITIONS - CONTINUED

DISPOSITIONS

The following table sets forth the details of net (loss) gain on disposition of wholly-owned and partially-owned assets for the three and six months ended June 30, 2002 and 2001:

(amounts in thousands)	For the Three Months Ended June 30, 2002	For the Three Months Ended June 30, 2001	For the Six Months Ended June 30, 2002	For the Six Months Ended June 30, 2001
Wholly-owned Assets:				
Loss on Primestone foreclosure	$ (17,671)	$ --	$ (17,671)	$ --
Gain on sale of Kinzie Park condominiums units	344	--	1,875	--
Net gain on sale of marketable securities	12,346	--	12,346	--
Net gain from condemnation proceedings	--	3,050	--	3,050
Write-off of investments in technology companies	--	(13,561)	--	(18,284)
Partially-owned Assets:				
Net gain on sale of 50% interest in 570 Lexington Avenue	--	12,445	--	12,445
	$ (4,981)	$ 1,934	$ (3,450)	$ (2,789)

5. INVESTMENTS IN AND ADVANCES TO PARTIALLY-OWNED ENTITIES

The Company's investments in and advances to partially-owned entities and income recognized from such investments are as follows:

INVESTMENTS AND ADVANCES:

(amounts in thousands)	June 30, 2002	December 31, 2001
Temperature Controlled Logistics	$ 458,004	$ 474,862
Charles E. Smith Commercial Realty L.P. ("CESCR")(1)	--	347,263
Alexander's	185,953	188,522
Newkirk Joint Ventures (2)	162,247	191,534
Prime Group Realty, L.P. and other guarantees (3)	40,270	--
Partially-Owned Office Buildings (4)	22,619	23,346
Starwood Ceruzzi Joint Ventures	26,055	25,791
Park Laurel	4,357	(4,745)
Other	49,320	23,622
	$ 948,825	$ 1,270,195

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(1) On January 1, 2002, the Company acquired the remaining 66% of CESCR it did not previously own. Accordingly, CESCR is consolidated as of January 1, 2002.

(2) The Company's investment in and advances to Newkirk Joint Ventures is comprised of:

	June 30, 2002	December 31, 2001
Investments in limited partnerships	$ 113,982	$ 143,269
Mortgages and loans receivable	39,511	39,511
Other	8,754	8,754
Total	$ 162,247	$ 191,534

On January 2, 2002, the Newkirk Joint Ventures' partnership interests were merged into a master limited partnership (the "MLP") in which the Company has a 21% interest. In conjunction with the merger, the MLP completed a $225,000 mortgage financing collateralized by its properties, subject to the existing first and certain second mortgages on those properties. The loan bears interest at LIBOR plus 5.5% with a LIBOR floor of 3% (8.5% at June 30, 2002) and matures on January 31, 2005, with two one-year extension options. As a result of the financing on February 6, 2002, the MLP repaid approximately $28,200 of existing debt and distributed approximately $37,000 to the Company.

(3) The Company's carrying amount of the investment consists of 3,972,447 partnership units valued at $33,170 ($8.35 per unit) and guarantees valued at $7,100. The Company's 14.9% share of equity in the income or loss of Prime Group Realty L.P. for the period from April 30, 2002

(date of acquisition) to June 30, 2002 will be recognized in earnings in the quarter ending September 30, 2002, as the investee has not released its earnings prior to the filing of the Company's quarterly report on Form 10-Q. Prior to April 30, 2002, this investment was in the form of a loan and was included in Notes and Mortgage Loans Receivable on the balance sheet.

(4) As at June 30, 2002, includes a 20% interest in a property which was part of the CESCR acquisition in 2002.

5. INVESTMENTS IN AND ADVANCES TO PARTIALLY-OWNED ENTITIES - CONTINUED

Below is a summary of the debt of partially owned entities, none of which is guaranteed by the Company.

(amounts in thousands)	100% OF PARTIALLY-OWNED ENTITIES DEBT	
	JUNE 30, 2002	DECEMBER 31, 2001
Alexander's (33.1% interest) (see "Alexander's" on page 13 for further details):		
Term loan secured by all of Alexander's assets except for the Kings Plaza Regional Shopping Center:		
Portion financed by the Company due on April 15, 2003 with interest at 12.48%	$ 95,000	$ 95,000
Portion financed by a bank, due March 15, 2003, with interest at LIBOR + 1.85% (3.69% at June 30, 2002) (repaid on July 3, 2002)	10,000	10,000
Unsecured Line of Credit financed by the Company, due on April 15, 2003 with interest at 12.48%	24,000	24,000
Rego Park mortgage payable, due in June 2009, with interest at 7.25%	82,000	82,000
Kings Plaza Regional Shopping Center mortgage payable, due in June 2011, with interest at 7.46% (prepayable with yield maintenance)	220,571	221,831
Paramus mortgage payable, due in October 2011, with interest at 5.92% (prepayable without penalty)	68,000	68,000
Other notes and mortgages payable (repaid on July 3, 2002)......................................	15,000	15,000
Temperature Controlled Logistics (60% interest):		
Mortgage notes payable collateralized by 58 temperature controlled warehouses, due in May 2008, requires amortization based on a 25 year term with interest at 6.89% (prepayable with yield maintenance)	589,893	563,782
Other notes and mortgages payable	15,324	38,748
Newkirk Joint Ventures (21.1% interest):		
Portion of first mortgages and contract rights, collateralized by the partnerships' real estate, due from 2002 to 2024, with a weighted average interest rate of 11.32% at June 30, 2002 (various prepayment rights)	1,516,757	1,336,989
Charles E. Smith Commercial Realty L.P. (34% interest in 2001):		
29 mortgages payable	--	1,470,057
Unsecured line of credit	--	33,000
Partially Owned Office Buildings:		
330 Madison Avenue (25% interest) mortgage note payable, due in April 2008, with interest at 6.52% (prepayable with yield maintenance)	60,000	60,000
825 Seventh Avenue (50% interest) mortgage payable, due in October 2014, with interest at 8.07% (prepayable with yield maintenance)	23,416	23,552
Las Catalinas Mall (50% interest):		
Mortgage notes payable, due in November 2013 with interest at 6.97% (prepayable after December 2002 with yield maintenance)	68,075	68,591
RussianTea Room (50% interest) mortgages payable, due in March 2012, with interest at Prime plus 50 basis points (5.25% at June 30, 2002) (1)	13,000	13,000

The Company's share of the debt of partially owned entities was $862,529,000 and $1,319,535,000 as of June 30, 2002 and December 31, 2001, excluding the Company's share of Prime Group Realty L.P.'s outstanding debt as the investee has not filed its quarterly report on Form 10-Q for the period ended June 30, 2002, subsequent to the Company's acquisition of the partnership units. Based on Prime Group Realty L.P.'s outstanding debt of $914,253,000 at March 31, 2002, the Company's pro-rata share would be $136,224,000 (14.9% interest).

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(1) On July 28, 2002 the Russian Tea Room ceased operations which represented an event of default under the loans.

5. INVESTMENTS IN AND ADVANCES TO PARTIALLY-OWNED ENTITIES - CONTINUED

INCOME:

(amounts in thousands)	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2002	2001	2002	2001
Income applicable to Alexander's:				
33.1% share of equity in net (loss) income....	$ (375)(1)	$ 535	$ 794(1)	$ 7,691(1)
Interest income..............................	2,756	2,935	5,287	6,362
Management and leasing fee income............	2,106	1,206	3,974	2,927
	$ 4,487	$ 4,676	$ 10,055	$ 16,980
Temperature Controlled Logistics:				
60% share of equity in net (loss) income (2)..	$ (424)	$ 2,222	$ 3,383	$ 6,686
Management fee (40% of 1% per annum of Total Combined Assets, as defined).........	1,511	1,499	3,009	2,983
	1,087	3,721	6,392	9,669
CESCR-34% share of equity in net income (3).....	--	6,828	--	14,195
Newkirk Joint Ventures:				
Equity in net income of limited partnerships..	5,974	6,484	11,403	12,726
Interest and other income....................	2,326	1,477	4,597	3,202
	8,300	7,961	16,000	15,928
Partially-Owned Office Buildings (4)...........	726	1,509	1,276	2,773
Other..	(287)	(791)	(56)	653(5)
	$ 9,826	$ 19,228	$ 23,612	$ 43,218

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(1) Equity in income for the three and six months ended June 30, 2002 includes a charge of $1,402 representing the Company's share of Alexander's stock appreciation rights compensation expense of $4,236 based on Alexander's closing stock price of $76.80 on June 30, 2002. Equity in income for the six months ended June 30, 2001 includes $6,298 representing the Company's share of Alexander's gain on sale of its Fordham Road property and excludes $1,170 representing the Company's share of Alexander's extraordinary gain on the early extinguishment of debt on this property which is reflected as an extraordinary item on the consolidated statements of income.

(2) Equity in net income for the three and six months ended June 30, 2002, reflects (i) a decrease in rental income of $793 and $1,351, respectively, and (ii) a $1,376 loss on the disposition of an asset.

(3) On January 1, 2002, the Company acquired the remaining 66% of CESCR it did not previously own. Accordingly, CESCR is consolidated as of January 1, 2002.

(4) 2002 includes a 20% interest in a property which was part of the acquisition of CESCR, and does not include 570 Lexington Avenue which was sold in May 2001.

(5) Includes $1,300 for the Company's share of the Starwood Ceruzzi Joint Venture's gain on the sale of a property.

5. INVESTMENTS IN AND ADVANCES TO PARTIALLY-OWNED ENTITIES - CONTINUED

TEMPERATURE CONTROLLED LOGISTICS

Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize $3,744,000 and $5,552,000 of rent it was due for the three and six months ended June 30, 2002 and $2,340,000 of rent it was due for the three and six months ended June 30, 2001. At June 30, 2002, the Company's balance of the tenant's total deferred rent is $10,553,000.

ALEXANDER'S

The Company owns 1,655,000 common shares or 33.1% of the common stock of Alexander's at June 30, 2002.

Alexander's is managed by and its properties are leased by the Company pursuant to management, leasing and development agreements with one-year terms expiring in March of each year, which are automatically renewable. In conjunction with the closing of the Alexander's Lexington Avenue construction loan on July 3, 2002, these agreements were bifurcated to cover the Alexander's Lexington Avenue property separately. Further, the Lexington Avenue management and development agreements were amended to provide for a term lasting until substantial completion of the development of the property, with automatic renewals, and for the payment of the development fee upon the earlier of January 3, 2006, or the payment in full of the construction loan encumbering the property.

Pursuant to both the pre and post July 3, 2002 management, leasing and development agreements, the Company is entitled to a development fee based on 6% of construction costs as defined. The development fee for the Alexander's Lexington Avenue project is estimated to be approximately $26,300,000, of which $1,957,000 and $2,988,000 have been recorded during the three and six months ended June 30, 2002. Of these amounts, $1,425,000 and $2,115,000 have been recognized as income and the balance has been reflected as a reduction in the Investment account. The Company is also owed $1,073,000 under the leasing agreement which is payable in 2002.

At June 30, 2002, the Company has loans receivable from Alexander's of $119,000,000, including $24,000,000 under the $50,000,000 line of credit the Company granted to Alexander's. On March 15, 2002, the loan and the line of credit were extended to April 15, 2003. The interest rates on the loan and line of credit were reset on March 15, 2002, from 13.74% to 12.48%, using a Treasury index (with a 3% floor) plus the same spread to treasuries as previously existed. On July 3, 2002, in conjunction with the closing of Alexander's Lexington Avenue construction loan, the maturity of the Company's loans was extended to the earlier of January 3, 2006 or the date the Alexander's Lexington Avenue construction loan is repaid in full and the debt was bifurcated among various subsidiaries of Alexander's (all guaranteed by Alexander's). In addition, amounts which may be due under the Completion Guarantee described in the next paragraph would be due at the same time.

On July 3, 2002, Alexander's finalized a $490,000,000 loan with HVB Real Estate Capital (HYPO Vereinsbank) to finance the construction of its 1.3 million square foot multi-use building at its 59th Street and Lexington Avenue location. The estimated construction costs in excess of the construction loan of approximately $140,000,000 will be provided by Alexander's. The loan has an interest rate of LIBOR plus 2.5% and a term of forty-two months plus two one-year extensions. Alexander's has received an initial funding of $55,500,000 under the loan of which $25,000,000 was used to repay existing loans and notes payable. Pursuant to this loan, Vornado has agreed to guarantee, among other things, the lien free, timely completion of the construction of the project and funding of project costs in excess of a stated loan budget, if not funded by Alexander's (the "Completion Guarantee"). The $6,300,000 estimated fee payable by Alexander's to the Company for the Completion Guarantee is 1% of construction costs (as defined) and is due at the same time that the development fee is due. In addition, if the Company should advance any funds under the Completion Guarantee in excess of the $26,000,000 currently available under the secured line of credit, interest on those advances is at 15% per annum.

6. DEBT AND EQUITY FINANCING

Following is a summary of the Company's debt, by segment, at June 30, 2002:

(amounts in thousands)

	MATURITY	INTEREST RATE AS AT JUNE 30, 2002	BALANCE AS OF JUNE 30, 2002	BALANCE AS OF DECEMBER 31, 2001
Notes and Mortgages Payable:				
Fixed Interest:				
NYC Office:				
Two Penn Plaza............................	03/04	7.08%	$ 156,210	$ 157,697
888 Seventh Avenue........................	02/06	6.63%	105,000	105,000
Eleven Penn Plaza.........................	05/07	8.39%	50,890	51,376
866 UN Plaza..............................	04/04	7.79%	33,000	33,000
CESCR Office (1):				
Crystal Park 1-5..........................	07/06-08/13	7.00%-7.21%	266,691	(1)
Crystal Gateway 2, 3, 4/Crystal Square 5	08/13-01/25	7.11%-7.43%	158,181	(1)
Crystal Square 2, 3 and 4.................	10/10-11/14	7.14%-7.42%	146,266	(1)
Skyline Place 1, 3, 4, 5 and 6............	08/06-12/09	7.00%	141,636	(1)
1101 17th , 1140 Connecticut, 1730 M & 1150 17th..............................	08/10	7.00%	97,981	(1)
Courthouse Plaza 1 and 2..................	01/08	7.06%	80,760	(1)
Crystal Gateway N., Arlington Plaza and 1919 S. Eads............................	11/07	7.00%	73,299	(1)
Reston Executive I, II & III..............	01/06	7.00%	74,068	(1)
Crystal Plaza 1-6.........................	10/04	7.00%	71,293	(1)
One Skyline Tower.........................	06/08	7.12%	66,207	(1)
Crystal Malls 1-4.........................	12/11	7.08%	68,281	(1)
1750 Pennsylvania Avenue..................	06/32	7.26%	50,000	(1)
One Democracy Plaza.......................	02/05	7.00%	28,028	(1)
Retail:				
Cross collateralized mortgages payable on 42 shopping centers.....................	03/10	7.93%	489,776	492,156
Green Acres Mall..........................	02/08	6.75%	151,810	152,894
Montehiedra Town Center...................	05/17	8.23%	59,999	60,359
Merchandise Mart:				
Market Square Complex.....................	07/11	7.95%	48,966	49,702
Washington Design Center..................	10/11	6.95%	48,730	48,959
Washington Office Center..................	02/04	6.80%	45,774	46,572
Other.....................................	03/09-06/13	7.03%-7.71%	44,864	18,951
Other:				
Industrial Warehouses.....................	10/11	6.95%	49,648	50,000
Student Housing Complex...................	11/07	7.45%	19,131	19,243
Other.....................................		7.95%	6,942	8,659
Total Fixed Interest Notes and Mortgages Payable.............................		7.29%	2,633,431	1,294,568

6. DEBT AND EQUITY FINANCING - CONTINUED

(amounts in thousands)	MATURITY	SPREAD	INTEREST RATE AS AT JUNE 30 2002	BALANCE AS OF JUNE 30, 2002	BALANCE AS OF DECEMBER 31, 2001
Notes and Mortgages Payable:					
Variable Interest:					
NYC Office:					
One Penn Plaza (2)	06/03	L+125	3.23%	$ 275,000	$ 275,000
770 Broadway/595 Madison Avenue cross-collateralized mortgage (3)	04/03	L+40	2.24%	238,659	123,500
909 Third Avenue	07/03	L+165	3.49%	106,420	105,253
Two Park Avenue (5)	03/03	L+145	3.35%	90,000	90,000
CESCR Office:					
Tyson Dulles Plaza	06/03	L+130	3.14%	70,000	(1)
Commerce Executive III, IV & V	07/03	L+150	3.34%	53,670	(1)
Seven Skyline (5)	10/02	L+135	3.20%	52,185	(1)
Merchandise Mart:					
Merchandise Mart (5)	10/02	L+150	3.34%	250,000	250,000
Furniture Plaza	02/03	L+200	3.91%	48,290	43,524
33 North Dearborn Street	09/03	L+175	3.65%	19,000	19,000
350 North Orleans (5)	06/02	L+165	--	--	70,000
Other	01/03	P-50	4.25%	139	294
Other:					
Palisades construction loan	01/03	L+185	3.90%	98,852	90,526
Hotel Pennsylvania (4)	10/02	L+160	--	--	115,508
Total Variable Interest Notes and Mortgages Payable			3.18%	1,302,215	1,182,605
Total Notes and Mortgages Payable				$ 3,935,646	$ 2,477,173
Unsecured revolving credit facility	03/03	L+90	--	$ --	$ --
Senior unsecured debt due 2007 (5)	06/07	L+77	2.59%	$ 499,283	$ --

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(1) On January 1, 2002, the Company acquired the remaining 66% of CESCR it did not previously own. Prior to January 1, 2002, the Company's share of CESCR's debt was netted in Investments in and Advances to Partially-Owned Entities. In connection with the acquisition, CESCR's fixed rate debt of $1,289,837 was fair valued at $1,322,685 upon the application of purchase accounting.

(2) On June 21, 2002, one of the lenders purchased the other participant's interest in the loan. At the same time, the loan was extended for one year, with certain modifications including, (i) making the risk of a loss due to terrorism (as defined) not covered by insurance recourse to the Company and (ii) the granting of two 1-year renewal options to the Company.

(3) On April 1, 2002, the Company increased its mortgage financing cross-collateralized by its 770 Broadway/595 Madison Avenue properties by $115,000. The proceeds of the loan are in a restricted mortgage escrow account which bears interest at the same rate as the loan, and at June 30, 2002, totals $238,659.

(4) On April 1, 2002, the loan was prepaid in full.

(5) On June 24, 2002, the Company completed an offering of $500,000 aggregate principal amount of 5.625% senior unsecured notes due June 15, 2007. Interest on the notes is payable semi-annually on June 15th and December 15th, commencing December 15, 2002. The notes were priced at 99.856% of their face amount to yield 5.659%. Of the net proceeds of approximately $496,300, (i) $70,000 was used to repay the mortgage payable on 350 North Orleans prior to June 30, 2002 and (ii) $393,000 was used to repay the mortgages on Two Park Avenue, the Merchandise Mart and a portion of Seven Skyline in July and August 2002. After the repayment of these mortgages, the balance of the Company's wholly-owned debt was $4,041,929, as compared to $3,970,486 at March 31, 2002. On June 27, 2002, the Company entered into interest rate swaps that effectively converted the interest rate on the $500,000 senior unsecured notes due 2007 from a fixed rate of 5.625% to a floating rate of LIBOR plus .7725, based upon the trailing 3 month LIBOR rate (2.59% if set on August 1, 2002).

6. DEBT AND EQUITY FINANCING - CONTINUED

The principal repayments for the next five years and thereafter are as follows:

(amounts in thousands) YEAR ENDING DECEMBER 31,	As at June 30, 2002	As at July 31, 2002
2002	$ 302,185	$ --
2003	1,000,030	910,030
2004	306,093	306,093
2005	27,197	27,197
2006	259,429	259,429
Thereafter	2,539,995	2,539,995

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company), its revolving credit agreement and its senior unsecured notes due 2007, contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments that allows the lenders to declare an event of default and accelerate repayment of debt. The Company has received correspondence from four lenders regarding terrorism insurance coverage, which the Company has responded to. If lenders insist on coverage for these risks, it could adversely affect the Company's ability to finance and/or refinance its properties and to expand its portfolio.

EQUITY

On February 25, 2002, the Company sold 1,398,743 common shares based on the closing price of $42.96 on the NYSE. The net proceeds to the Company were approximately $57,042,000.

7. OTHER RELATED PARTY TRANSACTIONS

The Company currently manages and leases the real estate assets of Interstate Properties pursuant to a management agreement. Management fees earned by the Company pursuant to the management agreement were $381,000 and $514,000 for the three months ended June 30, 2002 and 2001 and $584,000 and $884,000 for the six months ended June 30, 2002 and 2001.

The estate of Bernard Mendik and certain other individuals including Mr. Greenbaum, own an entity which provides cleaning and related services and security services to office properties, including the Company's Manhattan office properties. The Company was charged fees in connection with these contracts of $14,122,000 and $12,725,000 for the three months ended June 30, 2002 and 2001, and $27,622,000 and $25,625,000 for the six months ended June 30, 2002 and 2001.

Effective January 1, 2002, the Company extended its employment agreement with Mr. Fascitelli for a five year period through December 31, 2006. Pursuant to the extended employment agreement, he is entitled to receive a deferred payment on December 31, 2006 of 626,566 Vornado common shares which are valued for compensation purposes at $27,500,000 (the value of the shares on March 8, 2002, the date the extended employment agreement was signed). The number of shares was set by the Company's Compensation Committee in December 2001 to achieve a value of $25,000,000 and had appreciated $2,500,000 as of March 8, 2002. The shares are being held in an irrevocable trust for the benefit of Mr. Fascitelli and will vest on December 31, 2002. Mr. Fascitelli will also receive regular annual cash compensation as determined by the Company's Compensation Committee and will continue as a member of Vornado's Board. Mr. Fascitelli may also borrow up to $20,000,000 from the Company during the term of his 2002 employment agreement reduced by $8,600,000, the amount of his outstanding loans under his 1996 employment agreement. Each loan will bear interest, payable quarterly, at the applicable Federal Rate on the date the loan is made and will mature on the fifth anniversary of the loan.

7. OTHER RELATED PARTY TRANSACTIONS - CONTINUED

On May 29, 2002, Mr. Roth replaced common shares of the Company securing the Company's outstanding loan to Mr. Roth with options to purchase common shares of the Company with a value of not less than two times the loan amount. See Exhibit 10.11 to this Quarterly Report on Form 10-Q for a copy of the related agreement.

Pursuant to the Company's annual compensation review in February 2002 with Joseph Macnow, the Company's Chief Financial Officer, the Compensation Committee approved a $2,000,000 loan to Mr. Macnow, bearing interest at the applicable federal rate of 4.65% per annum and due January 1, 2006. The loan, which was funded on July 23, 2002, was made in conjunction with Mr. Macnow's June 2002 exercised of options to purchase 225,000 shares of the Company's common stock. The loan is collateralized by assets with a value of not less than two times the loan amount.

VORNADO OPERATING COMPANY ("VORNADO OPERATING")

Pursuant to a revolving credit facility which expires December 31, 2004, Vornado Operating owes the Company $31,489,000 at June 30, 2002. Vornado Operating has disclosed that in the aggregate, its investments do not, and for the foreseeable future, are not expected to generate sufficient cash flow to pay all of its debts and expenses. Further, Vornado Operating states that its only investee, AmeriCold Logistics ("Tenant"), anticipates that its Landlord, a partnership 60% owned by the Company and 40% owned by Crescent Real Estate Equities, will need to restructure the leases between the Landlord and the Tenant to provide additional cash flow to the Tenant (the Landlord has previously restructured the leases to provide additional cash flow to the Tenant). Management anticipates a further lease restructuring and the sale of non-core assets by AmeriCold Logistics, and accordingly, Vornado Operating is expected to have a source to repay the debt under this facility which may be extended. Since January 1, 2002, the Company has not recognized income on the debt under this facility.

8. INCOME PER SHARE

The following table sets forth the computation of basic and diluted income per share:

(amounts in thousands except per share amounts)	For The Three Months Ended June 30, 2002	For The Three Months Ended June 30, 2001	For The Six Months Ended June 30, 2002	For The Six Months Ended June 30, 2001
Numerator:				
Income before cumulative effect of change in accounting principle and extraordinary item.....	$ 68,711	$ 66,112	$ 148,243	$ 125,561
Cumulative effect of change in accounting principle......................................	--	--	(30,129)	(4,110)
Extraordinary item...............................	--	--	--	1,170
Net income.......................................	68,711	66,112	118,114	122,621
Preferred share dividends.........................	(5,896)	(9,192)	(12,027)	(18,865)
Numerator for basic and diluted income per share - net income applicable to common shares....	$ 62,815	$ 56,920	$ 106,087	$ 103,756
Denominator:				
Denominator for basic income per share - weighted average shares.................................	105,903	86,901	104,486	86,864
Effect of dilutive securities:				
Employee stock options..........................	4,464	2,701	4,204	2,637
Deferred compensation shares issued but not yet earned	347	--	264	--
Denominator for diluted income per share - adjusted weighted average shares and assumed conversions............................	110,714	89,602	108,954	89,501
INCOME PER COMMON SHARE - BASIC:				
Income before cumulative effect of change in accounting principle and extraordinary item...	$ .59	$ .65	$ 1.31	$ 1.23
Cumulative effect of change in accounting principle....................................	--	--	(.29)	(.05)
Extraordinary item.............................	--	--	--	.01
Net income per common share.....................	$ .59	$ .65	$ 1.02	$ 1.19
INCOME PER COMMON SHARE - DILUTED:				
Income before cumulative effect of change in accounting principle and extraordinary item...	$ .57	$ .64	$ 1.25	$ 1.20
Cumulative effect of change in accounting principle...................................	--	--	(.28)	(.05)
Extraordinary item.............................	--	--	--	.01
Net income per common share.....................	$ .57	$ .64	$ .97	$ 1.16

9. COMPREHENSIVE INCOME

The following table sets forth the Company's comprehensive income:

(amounts in thousands)	For The Three Months Ended June 30, 2002	For The Three Months Ended June 30, 2001	For The Six Months Ended June 30, 2002	For The Six Months Ended June 30, 2001
Net income applicable to common shares	$ 62,815	$ 56,920	$ 106,087	$ 103,756
Adjustment to record cumulative effect of change in accounting principle	--	--	--	4,110
Other comprehensive (loss) income	(11,787)	8,532	(8,862)	9,050
Comprehensive income	$ 51,028	$ 65,452	$ 97,225	$ 116,916

10. COMMITMENTS AND CONTINGENCIES

At June 30, 2002, the Company's revolving credit facility had a zero balance, and the Company utilized $15,718,000 of availability under the facility for letters of credit and guarantees.

In conjunction with the closing of Alexander's Lexington Avenue construction loan on July 3, 2002, the Company agreed to guarantee, among other things, the lien free, timely completion of the construction of the project and funding of all project costs in excess of a stated loan budget, if not funded by Alexander's.

Each of the Company's properties has been subjected to varying degrees of environmental assessment at various times. The environmental assessments did not reveal any material environmental contamination. However, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to the Company.

The Company carries comprehensive liability and all risk property insurance (fire, flood, extended coverage and rental loss insurance) with respect to its assets. The Company's all risk insurance policies in effect before September 11, 2001 do not expressly exclude coverage for hostile acts, except for acts of war. Since September 11, 2001, insurance companies have for the most part excluded terrorist acts from coverage in all risk policies. The Company has generally been unable to obtain all risk insurance which includes coverage for terrorist acts for policies it has renewed since September 11, 2001, for each of its business. In 2002, the Company obtained $200,000,000 of separate coverage for terrorist acts for each of its New York City Office, Washington, D.C. Office, Retail and Merchandise Mart businesses and $60,000,000 for its Temperature Controlled Logistics business. Therefore, the Company is at risk for financial loss in excess of these limits for terrorist acts (as defined), which loss could be material.

10. COMMITMENTS AND CONTINGENCIES - CONTINUED

The Company's debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the Company), its senior unsecured notes due 2007 and its revolving credit agreement, contain customary covenants requiring the Company to maintain insurance. There can be no assurance that the lenders under these instruments will not take the position that an exclusion from all risk insurance coverage for losses due to terrorist acts is a breach of these debt instruments that allows the lenders to declare an event of default and accelerate repayment of debt. The Company has received correspondence from four lenders regarding terrorism insurance coverage, which the Company has responded to. If lenders insist on coverage for these risks, it could adversely affect the Company's ability to finance and/or refinance its properties and to expand its portfolio.

From time to time, the Company has disposed of substantial amounts of real estate to third parties for which, as to certain properties, it remains contingently liable for rent payments or mortgage indebtedness.

There are various legal actions against the Company in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the outcome of such matters will not have a material effect on the Company's financial condition, results of operations or cash flow.

11. SEGMENT INFORMATION

The Company has four business segments: Office, Retail, Merchandise Mart and Temperature Controlled Logistics.

(amounts in thousands)	For the Three Months Ended June 30, 2002					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$ 309,869	$ 213,762	$ 28,922	$ 52,868	$ --	$ 14,317
Expense reimbursements	36,315	19,949	11,800	3,872	--	694
Other income	7,063	5,090	391	1,220	--	362
Total revenues	353,247	238,801	41,113	57,960	--	15,373
Operating expenses	126,267	80,395	12,987	21,353	--	11,532
Depreciation and amortization	49,563	34,121	3,546	7,288	--	4,608
General and administrative	23,759	9,400	1,796	4,894	--	7,669
Amortization of officer's deferred compensation expense	6,875	--	--	--	--	6,875
Total expenses	206,464	123,916	18,329	33,535	--	30,684
Operating income	146,783	114,885	22,784	24,425	--	(15,311)
Income applicable to Alexander's	4,487	--	--	--	--	4,487
Income from partially-owned entities	9,826	726	(298)	11	1,087(6)	8,300
Interest and other investment income	9,934	2,758	78	143	--	6,955
Interest and debt expense	(60,119)	(34,748)	(14,018)	(6,687)	--	(4,666)
Net gain on disposition of wholly-owned and partially-owned assets	(4,981)	--	--	344	--	(5,325)
Minority interest	(37,219)	(28,976)	(2,853)	(6,474)	(668)	1,752
Income before cumulative effect of change in accounting principle and extraordinary item	68,711	54,645	5,693	11,762	419	(3,808)
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Net income	68,711	54,645	5,693	11,762	419	(3,808)
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Minority interest	37,219	28,976	2,853	6,474	668	(1,752)
Net gain on disposition of wholly-owned and partially-owned assets	--	--	--	--	--	--
Interest and debt expense(4)	76,199	35,253	14,653	6,687	6,302	13,304
Depreciation and amortization(4)	62,360	34,577	4,097	7,288	8,344	8,054
Straight-lining of rents(4)	(9,224)	(7,392)	(426)	(742)	--	(664)
Other	334	(1,127)	160	--	912	389
EBITDA(1)	$ 235,599	$ 144,932	$ 27,030	$ 31,469	$ 16,645	$ 15,523

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See footnotes on page 23.

(amounts in thousands)	For the Three Months Ended June 30, 2001					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$ 212,252	$ 114,260	$ 28,764	$ 50,118	$ --	$ 19,110
Expense reimbursements	31,543	15,920	11,711	3,858	--	54
Other income	2,280	813	542	818	--	107
Total revenues	246,075	130,993	41,017	54,794	--	19,271
Operating expenses	96,831	51,684	13,002	21,662	--	10,483
Depreciation and amortization	30,086	17,300	3,447	6,064	--	3,275
General and administrative	22,415	2,637	819	4,650	--	14,309
Amortization of officer's deferred compensation expense	--	--	--	--	--	--
Total expenses	149,332	71,621	17,268	32,376	--	28,067

Operating income	96,743	59,372	23,749	22,418	--	(8,796)
Income applicable to Alexander's	4,676	--	--	--	--	4,676
Income from partially-owned entities	19,228	8,365	495	(4)	3,721(6)	6,651
Interest and other investment income	15,874	1,897	416	714	--	12,847
Interest and debt expense	(43,994)	(14,407)	(14,264)	(8,317)	--	(7,006)
Net gain on disposition of wholly-owned and partially-owned assets	1,934	12,445	3,050	--	--	(13,561)
Minority interest	(28,349)	(14,734)	(4,349)	(4,125)	(2,815)	(2,326)
Income before cumulative effect of change in accounting principle and extraordinary item	66,112	52,938	9,097	10,686	906	(7,515)
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Net income	66,112	52,938	9,097	10,686	906	(7,515)
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Minority interest	28,349	14,734	4,349	4,125	2,815	2,326
Net gain on disposition of wholly-owned and partially-owned assets	(15,495)	(12,445)	(3,050)	--	--	--
Interest and debt expense(4)	67,151	24,859	14,906	8,317	6,773	12,296
Depreciation and amortization(4)	45,918	21,992	4,612	6,064	8,403	4,847
Straight-lining of rents(4)	(6,339)	(4,050)	(534)	(1,280)	--	(475)
Other	2,997	(630)	(498)	--	69	4,056
EBITDA(1)	$ 188,693	$ 97,398	$ 28,882	$ 27,912	$ 18,966	$ 15,535

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See footnotes on page 23.

11. SEGMENT INFORMATION

The Company has four business segments: Office, Retail, Merchandise Mart and Temperature Controlled Logistics.

(amounts in thousands) — For the Six Months Ended June 30, 2002

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$ 611,629	$ 427,574	$ 57,992	$ 99,878	$ --	$ 26,185
Expense reimbursements	74,119	41,356	23,817	7,215	--	1,731
Other income	13,823	10,073	605	2,637	--	508
Total revenues	699,571	479,003	82,414	109,730	--	28,424
Operating expenses	253,713	162,628	27,668	42,580	--	20,837
Depreciation and amortization	97,151	68,251	6,926	13,768	--	8,206
General and administrative	47,226	18,510	2,366	9,705	--	16,645
Costs of acquisitions not consummated	--	--	--	--	--	--
Amortization of officer's deferred compensation expense	13,750	--	--	--	--	13,750
Total expenses	411,840	249,389	36,960	66,053	--	59,438
Operating income	287,731	229,614	45,454	43,677	--	(31,014)
Income applicable to Alexander's	10,055	--	--	--	--	10,055
Income from partially-owned entities	23,612	1,276	(69)	13	6,392(6)	16,000
Interest and other investment income	19,577	3,869	157	278	--	15,273
Interest and debt expense	(118,137)	(69,510)	(27,711)	(13,870)	--	(7,046)
Net gain on disposition of wholly-owned and partially-owned assets	(3,450)	--	--	1,875	--	(5,325)
Minority interest	(71,145)	(61,681)	(6,473)	(12,379)	3,304	6,084
Income before cumulative effect of change in accounting principle and extraordinary item	148,243	103,568	11,358	19,594	9,696	4,027
Cumulative effect of change in accounting principle	(30,129)	--	--	--	(15,490)	(14,639)
Extraordinary item	--	--	--	--	--	--
Net income	118,114	103,568	11,358	19,594	(5,794)	(10,612)
Cumulative effect of change in accounting principle	30,129	--	--	--	15,490	14,639
Extraordinary item	--	--	--	--	--	--
Minority interest	71,145	61,681	6,473	12,379	(3,304)	(6,084)
Net gain on disposition of wholly-owned and partially-owned assets	--	--	--	--	--	--
Interest and debt expense(4)	150,492	70,519	28,981	13,870	12,861	24,261
Depreciation and amortization(4)	122,935	69,171	7,747	13,768	17,253	14,996
Straight-lining of rents(4)	(18,263)	(14,702)	(855)	(1,791)	--	(915)
Other	75	(2,427)	860	(123)	1,376	389
EBITDA(1)	$ 474,627	$ 287,810	$ 54,564	$ 57,697	$ 37,882	$ 36,674

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See footnotes on page 23.

(amounts in thousands) — For the Six Months Ended June 30, 2001

	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$ 416,970	$ 228,120	$ 56,901	$ 97,123	$ --	$ 34,826
Expense reimbursements	66,635	34,961	23,506	7,831	--	337
Other income	5,080	1,385	905	1,537	--	1,253
Total revenues	488,685	264,466	81,312	106,491	--	36,416
Operating expenses	197,214	107,445	27,854	42,794	--	19,121
Depreciation and amortization	61,951	35,944	7,007	12,506	--	6,494
General and administrative	36,663	6,007	1,402	9,245	--	20,009
Costs of acquisitions not consummated	5,000	--	--	--	--	5,000
Amortization of officer's deferred compensation expense	--	--	--	--	--	--
Total expenses	300,828	149,396	36,263	64,545	--	50,624
Operating income	187,857	115,070	45,049	41,946	--	(14,208)
Income applicable to Alexander's	16,980	--	--	--	--	16,980
Income from partially-owned entities	43,218	17,060	2,392	109	9,669(6)	13,988

Interest and other investment income.....	29,347	4,195	416	1,377	--	23,359
Interest and debt expense................	(93,389)	(31,014)	(28,413)	(17,986)	--	(15,976)
Net gain on disposition of wholly-owned and partially-owned assets.................................	(2,789)	12,445	3,050	--	--	(18,284)
Minority interest........................	(55,663)	(28,322)	(8,476)	(7,769)	(5,825)	(5,271)
Income before cumulative effect of change in accounting principle and extraordinary item.....................	125,561	89,434	14,018	17,677	3,844	588
Cumulative effect of change in accounting principle...................	(4,110)	--	--	--	--	(4,110)
Extraordinary item.......................	1,170	--	--	--	--	1,170
Net income...............................	122,621	89,434	14,018	17,677	3,844	(2,352)
Cumulative effect of change in accounting principle...................	4,110	--	--	--	--	4,110
Extraordinary item.......................	(1,170)	--	--	--	--	(1,170)
Minority interest........................	55,663	28,322	8,476	7,769	5,825	5,271
Net gain on disposition of wholly-owned and partially-owned assets.................................	(15,495)	(12,445)	(3,050)	--	--	--
Interest and debt expense(4).............	140,405	52,306	29,697	17,986	13,486	26,930
Depreciation and amortization(4).........	93,836	45,636	9,339	12,506	16,811	9,544
Straight-lining of rents(4)..............	(14,076)	(10,005)	(695)	(2,388)	--	(988)
Other....................................	(7,560)	(2,220)	(1,335)	--	181	(4,186)(5)
EBITDA(1)................................	$ 378,334	$ 191,028	$ 56,450	$ 53,550	$ 40,147	$ 37,159

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See footnotes on page 23.

11. SEGMENT INFORMATION- CONTINUED

Notes to segment information:

(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of depreciable real estate, the effect of straight-lining of property rentals for rent escalations and minority interest. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Other EBITDA is comprised of:

(amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Hotel Pennsylvania (3)	$ 2,152	$ 6,141	$ 2,906	$ 11,421
Newkirk Joint Ventures:				
Equity in income of limited partnerships	15,500	12,107	30,529	26,708
Interest and other income	2,200	1,590	4,471	3,202
Other partially-owned entities (Alexander's and other)	6,760	4,834	14,766	9,639
Investment income and other (7)	8,163	13,611	17,849	26,193
Palisades (8)	(260)	--	(260)	--
Unallocated general and administrative expenses	(6,792)	(9,187)	(14,512)	(16,720)
Amortization of Officer's deferred compensation expense	(6,875)	--	(13,750)	--
Loss on Primestone foreclosure	(17,671)	--	(17,671)	--
Net gain on sale of marketable equity securities	12,346	--	12,346	--
Costs of acquisitions not consummated	--	--	--	(5,000)
Write-off of investments in technology companies	--	(13,561)	--	(18,284)
Total	$ 15,523	$ 15,535	$ 36,674	$ 37,159

(3) Average occupancy and REVPAR for the Hotel Pennsylvania was 66% and $59.37 for the three months ended June 30, 2002 compared to 77% and $88.37 for the prior year's quarter. Average occupancy and REVPAR for the Hotel Pennsylvania was 58% and $52.39 for the six months ended June 30, 2002 compared to 67% and $76.54 for the prior year's six months

(4) Interest and debt expense, depreciation and amortization and straight-lining of rents included in the reconciliation of net income to EBITDA reflects amounts which are netted in income from partially-owned entities.

(5) Includes the elimination of $6,298 representing the Company's share of Alexander's gain on sale of its Fordham Road property on January 12, 2001.

(6) Net of rent not recognized of $3,744 and $5,552 for the three and six months ended June 30, 2002 and $2,340 for the three and six months ended June 30, 2001.

(7) No income was recognized on the Company's loans to Primestone and Vornado Operating Company for the three and six months ended June 30, 2002.

(8) The development of the Palisades residential complex was substantially complete as of March 1, 2002. Accordingly the Company has placed the property into service on March 1, 2002 and discontinued the capitalization of interest and other property specific costs. As of June 30, 2002, the property is 23.8% occupied (128 of the 538 total apartments have been leased).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "intends," "plans" or similar expressions in this quarterly report on Form 10-Q. These forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of the factors that will determine these items are beyond our ability to control or predict. Factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those set forth in our Annual Report on Form 10-K for the year ended December 31, 2001 under "Forward-Looking Statements." For these statements, we claim protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

OVERVIEW

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements for the three and six months ended June 30, 2002 and 2001. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. A summary of the Company's significant accounting policies is included in Note 2 -Summary of Significant Accounting Policies to the Company's annual report on Form 10-K for the year ended December 31, 2001.

Operating results for the three and six months ended June 30, 2002, reflect the Company's January 1, 2002 acquisition of the remaining 66% of Charles E. Smith Commercial Realty L.P. ("CESCR") and the resulting consolidation of CESCR's operations. See Supplemental Information beginning on page 42 for Condensed Pro Forma Operating Results for the three and six months ended June 30, 2001 giving effect to the CESCR acquisition as if it had occurred on January 1, 2001. Further, the Supplemental Information contains data regarding (i) details of the changes by segment in EBITDA for the three months ended June 30, 2002 compared to the three months ended March 31, 2002, (ii) leasing activity and (iii) pro forma senior unsecured debt covenant compliance ratios.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002 AND JUNE 30, 2001

Below is a summary of Net income and EBITDA (1):

(amounts in thousands)	Three Months Ended June 30, 2002					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$309,869	$213,762	$28,922	$ 52,868	$ --	$ 14,317
Expense reimbursements	36,315	19,949	11,800	3,872	--	694
Other income	7,063	5,090	391	1,220	--	362
Total revenues	353,247	238,801	41,113	57,960	--	15,373
Operating expenses	126,267	80,395	12,987	21,353	--	11,532
Depreciation and amortization	49,563	34,121	3,546	7,288	--	4,608
General and administrative	23,759	9,400	1,796	4,894	--	7,669
Amortization of officer's deferred compensation expense	6,875	--	--	--	--	6,875
Total expenses	206,464	123,916	18,329	33,535	--	30,684
Operating income	146,783	114,885	22,784	24,425	--	(15,311)
Income applicable to Alexander's	4,487	--	--	--	--	4,487
Income from partially-owned entities	9,826	726	(298)	11	1,087(5)	8,300
Interest and other investment income	9,934	2,758	78	143	--	6,955
Interest and debt expense	(60,119)	(34,748)	(14,018)	(6,687)	--	(4,666)
Net gain on disposition of wholly-owned and partially-owned assets	(4,981)	--	--	344	--	(5,325)
Minority interest	(37,219)	(28,976)	(2,853)	(6,474)	(668)	1,752
Income before cumulative effect of change in accounting principle and extraordinary item	68,711	54,645	5,693	11,762	419	(3,808)
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Net income	68,711	54,645	5,693	11,762	419	(3,808)
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Minority interest	37,219	28,976	2,853	6,474	668	(1,752)
Net gain on disposition of assets	--	--	--	--	--	--
Interest and debt expense(4)	76,199	35,253	14,653	6,687	6,302	13,304
Depreciation and amortization(4)	62,360	34,577	4,097	7,288	8,344	8,054
Straight-lining of rents(4)	(9,224)	(7,392)	(426)	(742)	--	(664)
Other	334	(1,127)	160	--	912	389
EBITDA(1)	$235,599	$144,932	$27,030	$ 31,469	$ 16,645	$ 15,523

(amounts in thousands)	Three Months Ended June 30, 2001					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$ 212,252	$ 114,260	$ 28,764	$ 50,118	$ --	$ 19,110
Expense reimbursements	31,543	15,920	11,711	3,858	--	54
Other income	2,280	813	542	818	--	107
Total revenues	246,075	130,993	41,017	54,794	--	19,271
Operating expenses	96,831	51,684	13,002	21,662	--	10,483
Depreciation and amortization	30,086	17,300	3,447	6,064	--	3,275
General and administrative	22,415	2,637	819	4,650	--	14,309
Costs of acquisitions not consummated	--	--	--	--	--	--
Total expenses	149,332	71,621	17,268	32,376	--	28,067
Operating income	96,743	59,372	23,749	22,418	--	(8,796)
Income applicable to Alexander's	4,676	--	--	--	--	4,676
Income from partially-owned entities	19,228	8,365	495	(4)	3,721(5)	6,651
Interest and other investment income	15,874	1,897	416	714	--	12,847
Interest and debt expense	(43,994)	(14,407)	(14,264)	(8,317)	--	(7,006)
Net gain on disposition of wholly-owned and partially-owned assets	1,934	12,445	3,050	--	--	(13,561)
Minority interest	(28,349)	(14,734)	(4,349)	(4,125)	(2,815)	(2,326)
Income before cumulative effect of change in accounting principle and extraordinary item.	66,112	52,938	9,097	10,686	906	(7,515)
Cumulative effect of change in accounting principle	--	--	--	--	--	--
Extraordinary item	--	--	--	--	--	--
Net income	66,112	52,938	9,097	10,686	906	(7,515)
Minority interest	28,349	14,734	4,349	4,125	2,815	2,326
Net gain on disposition	(15,495)	(12,445)	(3,050)	--	--	--
Interest and debt expense(4)	67,151	24,859	14,906	8,317	6,773	12,296
Depreciation and amortization(4)	45,918	21,992	4,612	6,064	8,403	4,847
Straight-lining of rents(4)	(6,339)	(4,050)	(534)	(1,280)	--	(475)
Other	2,997	(630)	(498)	--	69	4,056
EBITDA(1)	$ 188,693	$ 97,398	$ 28,882	$ 27,912	$ 18,966	$ 15,535

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(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of depreciable real estate, the effect of straight-lining of property rentals for rent escalations and minority interest. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.

(2) Other EBITDA is comprised of:

(amounts in thousands)	For the Three Months Ended June 30,	
	2002	2001
Hotel Pennsylvania (3)	$ 2,152	$ 6,141
Newkirk Joint Ventures:		
Equity in income of limited partnerships	15,500	12,107
Interest and other income	2,200	1,590
Other partially-owned entities (Alexander's and other)	6,760	4,834
Investment income and other (6)	8,163	13,611
Palisades (7)	(260)	--
Unallocated general and administrative expenses	(6,792)	(9,187)
Amortization of Officer's deferred compensation expense	(6,875)	--
Loss on Primestone foreclosure	(17,671)	--
Net gain on sale of marketable securities	12,346	--
Costs of acquisitions not consummated	--	--
Write-off of investments in technology companies	--	(13,561)
Total	$ 15,523	$ 15,535

(3) Average occupancy and REVPAR for the Hotel Pennsylvania was 66% and $59.37 for the three months ended June 30, 2002 compared to 77% and $88.37 for the prior year's quarter.

(4) Interest and debt expense, depreciation and amortization and straight-lining of rents included in the reconciliation of net income to EBITDA reflects amounts which are netted in income from partially-owned entities.

(5) Net of rent not recognized of $3,744 and $2,340 for the three months ended June 30, 2002 and 2001.

(6) No income was recognized on the Company's loans to Primestone and Vornado

Operating Company for the three months ended June 30, 2002.

(7) The development of the Palisades residential complex was substantially complete as of March 1, 2002. Accordingly the Company has placed the property into service on March 1, 2002 and discontinued the capitalization of interest and other property specific costs. As of June 30, 2002, the property is 23.8% occupied (128 of the 538 total apartments have been leased).

THREE MONTHS ENDED JUNE 30, 2002 AND JUNE 30, 2001

Below are the details of the changes by segment in EBITDA.

(amounts in thousands)	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Three months ended June 30, 2001.....	$ 188,693	$ 97,398	$ 28,882	$ 27,912	18,966	$15,535
2002 Operations:						
Same store operations(1)........	1,714	4,466	897	1,172	(2,321)(3)	(2,500)
Acquisitions, dispositions and non-recurring income and expenses.....................	45,192	43,068	(2,749)	2,385	--	2,488
Three months ended June 30, 2002.....	$ 235,599	$ 144,932(2)	$ 27,030	$ 31,469	$ 16,645	$15,523
% increase (decrease) in same store operations..............	0.9%	4.6%(2)	3.1%	4.2%	(12.2%)(3)	(16.1%)

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(1) Represents operations which were owned for the same period in each year and excludes non-recurring income and expenses.

(2) EBITDA and the same store percentage increase was $78,073 and 4.8% for the New York City office portfolio and $66,859 and 4.0% for the CESCR portfolio.

(3) The Company reflects its 60% share of the Vornado/Crescent Partnerships' ("the Landlord") equity in the rental income it receives from AmeriCold Logistics, its tenant, which leases the underlying temperature controlled warehouses used in its business. Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize $3,744 of rent it was due for the three months ended June 30, 2002. The tenant has advised the Landlord that (i) its revenue for the quarter ended June 30, 2002 from the warehouses it leases from the Landlord, was higher than last year by 0.4 %, and (ii) its gross profit before rent at these warehouses for the corresponding period decreased by $483 (a 1.3% decrease). The increase in revenue is primarily attributable to higher occupancy rates, offset by a reduction in customer inventory turns. The decrease in gross profit is primarily attributable to higher insurance costs, partially offset by lower payroll expenses. In addition, the tenant's cash requirements for capital expenditures, debt service and pension liability funding were $1,579 higher in the current quarter than in the prior year's quarter, which impacted the ability of the tenant to pay rent.

REVENUES

The Company's revenues, which consist of property rentals, tenant expense reimbursements, hotel revenues, trade shows revenues and other income, were $353,247,000 for the three months ended June 30, 2002, compared to $246,075,000 in the prior year's quarter, an increase of $107,172,000 of which $99,558,000 resulted from the acquisition of the remaining 66% of CESCR and the resulting consolidation of their operations. Below are the details of the increase (decrease) by segment:

(amounts in thousands)

	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Property rentals:						
Acquisitions:						
CESCR (effect of acquisition of 66% and consolidation vs. equity method accounting for 34%)..................	January 2002	$ 94,300	$ 94,300	$ --	$ --	$ --
715 Lexington Avenue........	July 2001	481	481	--	--	--
Hotel activity.................		(4,666)(1)	--	--	--	(4,666)(1)
Trade Shows activity...........		3,439	--	--	3,439	--
Leasing activity................		4,063	4,721	158	(689)	(127)
Total increase (decrease) in property rentals............		97,617	99,502	158	2,750	(4,793)
Tenant expense reimbursements:						
Increase (decrease) due to acquisitions................		1,817	1,817	--	--	--
Other..........................		2,955	2,212	89	14	640
Total increase (decrease) in tenant expense reimbursements......		4,772	4,029	89	14	640
Other Income:						
Increase due to acquisitions...		3,441	3,441	--	--	--
Other..........................		1,342	836	(151)	402	255
Total increase (decrease) in other income......................		4,783	4,277	(151)	402	255
Total increase (decrease) in revenues....................		$ 107,172	$107,808	$ 96	$ 3,166	$(3,898)

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(1) Average occupancy and REVPAR for the Hotel Pennsylvania was 66% and $59.37 for the three months ended June 30, 2002 compared to 77 % and $88.37 for the prior year's quarter.

See supplemental information beginning on page 42 for further details.

EXPENSES

The Company's expenses were $206,464,000 for the three months ended June 30, 2002, compared to $149,332,000 in the prior year's quarter, an increase of $57,132,000 of which $47,481,000 resulted from the acquisition of the remaining 66% of CESCR and the resulting consolidation of their operations. Below are the details of the increase (decrease) by segment:

(amounts in thousands)	Total	Office	Retail	Merchandise Mart	Other
Operating:					
Acquisitions:					
CESCR (effect of acquisition of 66% and consolidation vs. equity method accounting for 34%)	$ 25,841	$ 25,841	$ --	$ --	$ --
715 Lexington Avenue	251	251	--	--	--
Hotel activity	(252)	--	--	--	(252)
Trade Shows activity	505	--	--	505	--
Same store operations	3,091	2,619	(15)	(814)	1,301
	29,436	28,711	(15)	(309)	1,049
Depreciation and amortization:					
Acquisitions	15,635	15,635	--	--	--
Same store operations	3,842	1,186	99	1,224	1,333
	19,477	16,821	99	1,224	1,333
General and administrative:					
Appreciation in value of Vornado shares and other securities held in officers' deferred compensation trust in the three months ended June 30, 2001	(4,021)	--	--	--	(4,021)
Acquisitions	6,005	6,005	--	--	--
Other expenses	(640)	758	977	244	(2,619)(1)
Total increase (decrease) in general and administrative	1,344	6,763	977	244	(6,640)
Amortization of officer's deferred compensation expense	6,875	--	--	--	6,875
	$ 57,132	$ 52,295	$ 1,061	$ 1,159	$ 2,617

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(1) Primarily results from lower professional fees.

INCOME APPLICABLE TO ALEXANDER'S

Income applicable to Alexander's (loan interest income, management, leasing, development and commitment fees, and equity in income) was $4,487,000 in the three months ended June 30, 2002, compared to $4,676,000 in the prior year's quarter, a decrease of $189,000. This decrease resulted from Alexander's recognizing stock appreciation rights compensation expense of $4,236,000 in the current quarter, of which the Company's share is $1,402,000; partially offset by higher development fees.

INCOME FROM PARTIALLY-OWNED ENTITIES

In accordance with accounting principles generally accepted in the United States, the Company reflects the income it receives from (i) entities it owns less than 50% of and (ii) entities it owns more than 50% of, but which have a partner who exercises significant control, on the equity method of accounting resulting in such income appearing on one line in the Company's consolidated statements of income. Below is the detail of income from partially-owned entities by investment as well as the increase (decrease) in income of partially-owned entities for the three months ended June 30, 2002 as compared to the prior year's quarter:

(amounts in thousands)	Total	CESCR	Temperatur Controlled Logistics	Newkirk Joint Venture	Las Catalinas Mall	Starwood Ceruzzi Joint Venture	Partially-Owned Office Buildings	Other
JUNE 30, 2002:								
Revenues	$ 115,347		$ 29,143	$ 72,707	$ 3,937	$ 117	$ 9,443	
Expenses:								
Operating, general and administrative .	(8,597)		(2,302)	(912)	(1,030)	(363)	(3,990)	
Depreciation	(29,447)		(14,870)	(12,516)	(501)	(261)	(1,299)	
Interest expense	(44,583)		(10,941)	(30,629)	(1,476)	--	(1,537)	
Other, net	(2,671)		(1,987)	(336)	--	(400)	52	
Net income/(loss) ..	$ 30,049		$ (957)	$ 28,314	$ 930	$ (907)	$ 2,669	
Vornado's interest			60%	21%	50%	80%	25%	
Equity in net income	$ 5,839		$ (574)	$ 5,974	$ 428	$ (726)	$ 673	$ 64
Interest and other income	2,476		150	2,326	--	--	--	--
Fee income	1,511		1,511	--	--	--	--	--
Income from partially-owned entities	$ 9,826	$ --(1)	$ 1,087	$ 8,300	$ 428	$ (726)	$ 673	$ 64
JUNE 30, 2001:								
Revenues	$ 214,090	$ 94,755	$ 30,465	$ 73,114	$ 4,115	$ 414	$ 11,227	
Expenses:								
Operating, general and administrative .	(44,964)	(33,285)	(1,839)	(3,505)	(1,119)	(169)	(5,047)	
Depreciation	(43,385)	(13,168)	(14,471)	(14,264)	(491)	(289)	(702)	
Interest expense	(77,098)	(28,417)	(11,519)	(33,574)	(1,491)	--	(2,097)	
Other, net	1,157	188	471	(158)		(1)	657	
Net income/(loss) ..	$ 49,800	$ 20,073	$ 3,107	$ 21,613	$ 1,014	$ (45)	$ 4,038	
Vornado's interest		34%	60%	30%	50%	80%	38%	
Equity in net income	15,895	$ 6,828	$ 1,863	$ 6,484	$ 531	$ (36)	$ 1,537	$ (1,312)
Interest and other income	$ 1,834	--	359	1,475	--	--	--	--
Fee income	1,499	--	1,499	--	--	--	--	--
Income from partially-owned entities	$ 19,228	$ 6,828	$ 3,721	$ 7,959	$ 531	$ (36)	$ 1,537	$ (1,312)
(DECREASE) INCREASE IN INCOME FROM PARTIALLY-OWNED ENTITIES	$ (9,402)	$ (6,828)(1)	$ (2,634)	$ 341	$ (103)	$ (690)	$ (864)(2)	$ 1,376(3)

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(1) On January 1, 2002, the Company acquired the remaining 66% of CESCR it did not previously own. Accordingly, CESCR is consolidated as of January 1, 2002.

(2) The quarter ended June 30, 2002 excludes 570 Lexington Avenue which was sold in May 2001.

(3) The prior year's quarter includes $720 for the Company's share of equity in loss of its Russian Tea Room ("RTR") investment. In the third quarter of 2001, the Company wrote-off its entire net investment in RTR based on the operating losses and an assessment of the value of the real estate.

INTEREST AND OTHER INVESTMENT INCOME

Interest and other investment income (interest income on mortgage loans receivable, other interest income, and dividend income) was $9,934,000 for the three months ended June 30, 2002, compared to $15,874,000 in the prior year's quarter, a decrease of $5,940,000. Of this decrease (i) $956,000 resulted from the lower yield on the investment of the proceeds received from the repayment of its loan to NorthStar Partnership, L.P. in May 2002, (ii) $3,751,000 resulted from not recognizing income on its loans to Primestone and Vornado Operating Company (See "Liquidity and Capital Resources -- Vornado Operating Company") for the three months ended June 30, 2002 and (iii) $1,233,000 resulted from lower yields on other investments.

INTEREST AND DEBT EXPENSE

Interest and debt expense was $60,119,000 for the three months ended June 30, 2002, compared to $43,994,000 in the prior year's quarter, an increase of $16,125,000. This increase was primarily comprised of (i) $24,375,000 from the acquisition of the remaining 66% of CESCR and the resulting consolidation of their operations, partially offset by (ii) a $8,250,000 savings from a 227 basis point reduction in weighted average interest rates of the Company's variable rate debt and (iii) lower average outstanding debt balances.

NET GAIN (LOSS) ON DISPOSITION OF WHOLLY-OWNED AND PARTIALLY-OWNED ASSETS

The following table sets forth the details of net (loss) gain on disposition of wholly-owned and partially-owned assets for the three months ended June 30, 2002 and 2001:

(amounts in thousands)	For the Three Months Ended June 30, 2002	2001
Wholly-owned Assets:		
Loss on Primestone foreclosure......................	$ (17,671)	$ --
Gain on sale of Kinzie Park condominiums units......	344	--
Net gain on sale of marketable securities...........	12,346	3,050
Write-off of investments in technology companies....	--	(13,561)
Partially-owned Assets:		
Net gain on sale of 50% interest in 570 Lexington Avenue	--	12,445
	$ (4,981)	$ 1,934

INVESTMENT IN PRIMESTONE

On September 28, 2000, the Company made a $62,000,000 loan to Primestone Investment Partners, L.P. ("Primestone"). The Company received a 1% upfront fee and was entitled to receive certain other fees aggregating approximately 3% upon repayment of the loan. The loan bore interest at 16% per annum. Primestone defaulted on the repayment of this loan on October 25, 2001. The loan was subordinate to $37,957,000 of other debt of the borrower. On October 31, 2001, the Company purchased the other debt for its face amount. The loans were secured by 7,944,893 partnership units in Prime Group Realty, L.P., the operating partnership of Prime Group Realty Trust (NYSE:PGE) and the partnership units are exchangeable for the same number of common shares of PGE. The loans are also guaranteed by affiliates of Primestone.

On November 19, 2001, the Company sold, pursuant to a participation agreement with a subsidiary of Cadim inc., a Canadian pension fund, a 50% participation in both loans at par for approximately $50,000,000 reducing the Company's net investment in the loans at December 31, 2001 to $56,768,000 including unpaid interest and fees of $6,790,000.

On April 30, 2002, the Company and Cadim acquired the 7,944,893 partnership units at a foreclosure auction. The price paid for the units by application of a portion of Primestone's indebtedness to the Company and Cadim was $8.35 per unit, the April 30, 2002 PGE closing price on The New York Stock Exchange. On June 28, 2002, pursuant to the terms of the participation agreement, the Company transferred 3,972,447 of the partnership units to Cadim.

In the second quarter, in accordance with foreclosure accounting, the Company recorded a loss on the Primestone foreclosure of $17,671,000 calculated based on (i) the acquisition price of the units and (ii) its valuation of the amounts realizable under the guarantees by affiliates of Primestone, as compared with the net carrying amount of the investment at April 30, 2002. At June 30, 2002, the Company's carrying amount of the investment was $40,270,000, of which $33,170,000 represents the carrying amount of the 3,972,447 partnership units owned by the Company ($8.35 per unit) and $7,100,000 represents the amount realizable under the guarantees (see Note 5. Investments in and Advances to Partially-Owned Entities).

At July 30, 2002, PGE's closing stock price on the New York Stock Exchange was $5.43 per share. The ultimate realization of the Company's investment will depend upon the future performance of the Chicago real estate market and the performance of PGE, as well as the ultimate realizable value of the net assets supporting the guarantees and the Company's ability to collect under the guarantees. The Company will continue to monitor this investment to determine whether additional write-downs are required based on (i) declines in value of the PGE stock (for which the partnership units are exchangeable) which are "other than temporary" as used in accounting literature and (ii) the realizable value of the guarantees.

SIX MONTHS ENDED JUNE 30, 2002 AND JUNE 30, 2001

Below is a summary of Net income and EBITDA (1):

(amounts in thousands)	Six Months Ended June 30, 2002					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$ 611,629	$ 427,574	$ 57,992	$ 99,878	$ --	$ 26,185
Expense reimbursements	74,119	41,356	23,817	7,215	--	1,731
Other income	13,823	10,073	605	2,637	--	508
Total revenues	699,571	479,003	82,414	109,730	--	28,424
Operating expenses	253,713	162,628	27,668	42,580	--	20,837
Depreciation and amortization	97,151	68,251	6,926	13,768	--	8,206
General and administrative	47,226	18,510	2,366	9,705	--	16,645
Amortization of officer's deferred compensation expense	13,750	--	--	--	--	13,750
Total expenses	411,840	249,389	36,960	66,053	--	59,438
Operating income	287,731	229,614	45,454	43,677	--	(31,014)
Income applicable to Alexander's	10,055	--	--	--	--	10,055
Income from partially-owned entities	23,612	1,276	(69)	13	6,392(6)	16,000
Interest and other investment income	19,577	3,869	157	278	--	15,273
Interest and debt expense	(118,137)	(69,510)	(27,711)	(13,870)	--	(7,046)
Net gain on disposition of wholly-owned and partially-owned assets	(3,450)	--	--	1,875	--	(5,325)
Minority interest	(71,145)	(61,681)	(6,473)	(12,379)	3,304	6,084
Income before cumulative effect of change in accounting principle and extraordinary item	148,243	103,568	11,358	19,594	9,696	4,027
Cumulative effect of change in accounting principle	(30,129)	--	--	--	(15,490)	(14,639)
Extraordinary item	--	--	--	--	--	--
Net income	118,114	103,568	11,358	19,594	(5,794)	(10,612)
Cumulative effect of change in accounting principle	30,129	--	--	--	15,490	14,639
Extraordinary item	--	--	--	--	--	--
Minority interest	71,145	61,681	6,473	12,379	(3,304)	(6,084)
Net gain on disposition of assets	--	--	--	--	--	--
Interest and debt expense(4)	150,492	70,519	28,981	13,870	12,861	24,261
Depreciation and amortization(4)	122,935	69,171	7,747	13,768	17,253	14,996
Straight-lining of rents(4)	(18,263)	(14,702)	(855)	(1,791)	--	(915)
Other	75	(2,427)	860	(123)	1,376	389
EBITDA(1)	$ 474,627	$ 287,810	$ 54,564	$ 57,697	$ 37,882	$ 36,674

(amounts in thousands)	Six Months Ended June 30, 2001					
	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other(2)
Rentals	$ 416,970	$ 228,120	$ 56,901	$ 97,123	$ --	$ 34,826
Expense reimbursements	66,635	34,961	23,506	7,831	--	337
Other income	5,080	1,385	905	1,537	--	1,253
Total revenues	488,685	264,466	81,312	106,491	--	36,416
Operating expenses	197,214	107,445	27,854	42,794	--	19,121
Depreciation and amortization	61,951	35,944	7,007	12,506	--	6,494
General and administrative ...	36,663	6,007	1,402	9,245	--	20,009
Costs of acquisitions not consummated	5,000	--	--	--	--	5,000
Total expenses	300,828	149,396	36,263	64,545	--	50,624
Operating income	187,857	115,070	45,049	41,946	--	(14,208)
Income applicable to Alexander's	16,980	--	--	--	--	16,980
Income from partially-owned entities	43,218	17,060	2,392	109	9,669(6)	13,988
Interest and other investment income	29,347	4,195	416	1,377	--	23,359
Interest and debt expense	(93,389)	(31,014)	(28,413)	(17,986)	--	(15,976)
Net gain on disposition of wholly-owned and partially-owned assets	(2,789)	12,445	3,050	--	--	(18,284)
Minority interest	(55,663)	(28,322)	(8,476)	(7,769)	(5,825)	(5,271)
Income before cumulative effect of change in accounting principle and extraordinary item	125,561	89,434	14,018	17,677	3,844	588
Cumulative effect of change in accounting principle ...	(4,110)	--	--	--	--	(4,110)
Extraordinary item	1,170	--	--	--	--	1,170
Net income	122,621	89,434	14,018	17,677	3,844	(2,352)
Cumulative effect of change in accounting principle	4,110	--	--	--	--	4,110
Extraordinary item	(1,170)	--	--	--	--	(1,170)
Minority interest	55,663	28,322	8,476	7,769	5,825	5,271
Net gain on disposition of wholly-owned and partially-owned assets	(15,495)	(12,445)	(3,050)	--	--	--
Interest and debt expense(4) .	140,405	52,306	29,697	17,986	13,486	26,930
Depreciation and amortization(4)	93,836	45,636	9,339	12,506	16,811	9,544
Straight-lining of rents(4) ..	(14,076)	(10,005)	(695)	(2,388)	--	(988)
Other	(7,560)	(2,220)	(1,335)	--	181	(4,186)(5)
EBITDA(1)	$ 378,334	$ 191,028	$ 56,450	$ 53,550	$ 40,147	$ 37,159

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(1) EBITDA represents income before interest, taxes, depreciation and amortization, extraordinary or non-recurring items, gains or losses on sales of depreciable real estate, the effect of straight-lining of property rentals for rent escalations and minority interest. Management considers EBITDA a supplemental measure for making decisions and assessing the performance of its segments. EBITDA may not be comparable to similarly titled measures employed by other companies.
(2) Other EBITDA is comprised of:

(amounts in thousands)	For the Six Months Ended June 30, 2002	For the Six Months Ended June 30, 2001
Hotel Pennsylvania (3)..	$ 2,906	$ 11,421
Newkirk Joint Ventures:		
Equity in income of limited partnerships....................	30,529	26,708
Interest and other income..................................	4,471	3,202
Other partially-owned entities (Alexander's and other).........	14,766	9,639
Investment income and other (7)..............................	17,849	26,193
Palisades..	(260)	--
Unallocated general and administrative expenses................	(14,512)	(16,720)
Amortization of Officer's deferred compensation expense........	(13,750)	--
Loss on Primestone foreclosure................................	(17,671)	--
Net gain on sale of marketable securities.....................	12,346	--
Costs of acquisitions not consummated.........................	--	(5,000)
Write-off of investments in technology companies..............	--	(18,284)
Total...	$ 36,674	$ 37,159

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(3) Average occupancy and REVPAR for the Hotel Pennsylvania was 58% and $52.39 for the six months ended June 30, 2002 compared to 67% and $76.54 for the prior year's six months.
(4) Interest and debt expense, depreciation and amortization and straight-lining of rents included in the reconciliation of net income to EBITDA reflects amounts which are netted in income from partially-owned entities.
(5) Includes the elimination of $6,298 representing the Company's share of Alexander's gain on sale of its Fordham Road property on January 12, 2001.
(6) Net of rent not recognized of $5,552 and $2,340 for the six months ended June 30, 2002 and 2001.
(7) No income was recognized on the Company's loans to Primestone and Vornado Operating Company for the six months ended June 30, 2002.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2002 AND JUNE 30, 2001

Below are the details of the changes by segment in EBITDA.

(amounts in thousands)	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Six months ended June 30, 2001.......	$ 378,334	$ 191,028	$ 56,450	$ 53,550	$ 40,147	$ 37,159
2002 Operations:						
Same store operations(1).........	10,418	11,245	1,764	2,272	(2,265)(3)	(2,598)
Acquisitions, dispositions and non-recurring income and expenses	85,875	85,537	(3,650)	1,875	--	2,113
Six months ended June 30, 2002.......	$ 474,627	$ 287,810(2)	$ 54,564	$ 57,697	$ 37,882	$ 36,674
% increase (decrease) in same store operations..............	2.8%	5.9%(2)	3.1%	4.2%	(5.6%)(3)	(7.0%)

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(1) Represents operations which were owned for the same period in each year and excludes non-recurring income and expenses.

(2) EBITDA and the same store percentage increase was $155,171 and 6.8% for the New York City office portfolio and $132,639 and 2.7% for the CESCR portfolio.

(3) The Company reflects its 60% share of the Vornado/Crescent Partnerships' ("the Landlord") equity in the rental income it receives from AmeriCold Logistics, its tenant, which leases the underlying temperature controlled warehouses used in its business. Based on the Company's policy of recognizing rental income when earned and collection is assured or cash is received, the Company did not recognize $5,552 of rent it was due for the six months ended June 30, 2002. The tenant has advised the Landlord that (i) its revenue for the six months ended June 30, 2002 from the warehouses it leases from the Landlord, is lower than last year by 0.9%, and (ii) its gross profit before rent at these warehouses for the corresponding period decreased by $116 (a 0.1% decrease). The decrease in revenue is primarily attributable to a reduction in customer inventory turns. The decrease in gross profit is primarily attributable to higher insurance costs partially offset by lower payroll expenses. In addition, the tenant's cash requirements for capital expenditures, debt service and pension liability funding were $1,853 higher in the current six month period than in the prior year's six months, which impacted the ability of the tenant to pay rent.

REVENUES

The Company's revenues, which consist of property rentals, tenant expense reimbursements, hotel revenues, trade shows revenues and other income were $699,571,000 for the six months ended June 30, 2002, compared to $488,685,000 in the six months ended June 30, 2001, an increase of $210,886,000 of which $199,419,000 resulted from the acquisition of the remaining 66% of CESCR and the resulting consolidation of their operations. Below are the details of the increase (decrease) by segment:

(amounts in thousands)

Property rentals:	Date of Acquisition	Total	Office	Retail	Merchandise Mart	Other
Acquisitions:						
CESCR (effect of acquisition of 66% and consolidation vs. equity method accounting for 34%)	January 2002	$ 187,776	$ 187,776	$ --	$ --	$ --
715 Lexington Avenue	July 2001	939	939	--	--	--
Hotel activity		(7,939)(1)	--	--	--	(7,939)(1)
Trade Shows activity		1,117	--	--	1,117	--
Leasing activity		12,766	10,739	1,091	1,638	(702)
Total increase (decrease) in property rentals		194,659	199,454	1,091	2,755	(8,641)
Tenant expense reimbursements:						
Increase (decrease) due to acquisitions/dispositions		4,200	4,200	--	--	--
Other		3,284	2,195	311	(616)	1,394
Total increase (decrease) in tenant expense reimbursements		7,484	6,395	311	(616)	1,394
Other Income:						
Increase due to acquisitions/dispositions		7,443	7,443	--	--	
Other		1,300	1,245	(300)	1,100	(745)
Total increase (decrease) in other income		8,743	8,688	(300)	1,100	(745)
Total increase (decrease) in revenues		$ 210,886	$ 214,537	$ 1,102	$ 3,239	$ (7,992)

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(1) Average occupancy and REVPAR for the Hotel Pennsylvania was 58% and $52.39 for the six months ended June 30, 2002 compared to 67% and $76.54 for the prior year's six months.

See supplemental information beginning on page 42 for further details.

EXPENSES

The Company's expenses were $411,840,000 for the six months ended June 30, 2002, compared to $300,828,000 in the six months ended June 30, 2001, an increase of $111,012,000 of which $95,526,000 resulted from the acquisition of the remaining 66% of CESCR and the resulting consolidation of their operations. Below are the details of the increase (decrease) by segment:

(amounts in thousands)

	Total	Office	Retail	Merchandise Mart	Other
Operating:					
Acquisitions:					
CESCR (effect of acquisition of 66% and consolidation vs. equity method accounting for 34%)......................	$ 52,815	$ 52,815	$ --	$ --	$ --
715 Lexington Avenue............	509	509	--	--	--
Hotel activity..................	(486)	--	--	--	(486)
Trade Shows activity............	172	--	--	172	--
Same store operations...........	3,489	1,859	(186)	(386)	2,202
	56,499	55,183	(186)	(214)	1,716
Depreciation and amortization:					
Acquisitions....................	31,215	31,215	--	--	--
Same store operations...........	3,985	1,092	(81)	1,262	1,712
	35,200	32,307	(81)	1,262	1,712
General and administrative:					
Appreciation in value of Vornado shares and other securities held in officers' deferred compensation trust in the six months ended June 30, 2001..................	(739)	--	--	--	(739)
Acquisitions...................	11,496	11,496	--	--	--
Other expenses..................	(194)	1,007	964	460	(2,625)
Total increase (decrease) in general and administrative.....	10,563	12,503	964	460	(3,364)
Amortization of officer's deferred compensation expense....	13,750	--	--	--	13,750
Costs of acquisitions not consummated......................	(5,000)	--	--	--	(5,000)
	$ 111,012	$ 99,993	$ 697	$ 1,508	$ 8,814

INCOME APPLICABLE TO ALEXANDER'S

Income applicable to Alexander's (loan interest income, management, leasing, development and commitment fees, and equity in income) was $10,055,000 in the six months ended June 30, 2002, compared to $16,980,000 in the six months ended June 30, 2001, a decrease of $6,925,000. This decrease resulted primarily from (i) the Company's $6,298,000 share of Alexander's gain on the sale of its Fordham Road property in the prior year's six months and (ii) the Company's $1,402,000 share of Alexander's stock appreciation rights compensation expense in the current quarter.

INCOME FROM PARTIALLY-OWNED ENTITIES

In accordance with accounting principles generally accepted in the United States, the Company reflects the income it receives from (i) entities it owns less than 50% of and (ii) entities it owns more than 50% of, but which have a partner who exercises significant control, on the equity method of accounting resulting in such income appearing on one line in the Company's consolidated statements of income. Below is the detail of income from partially-owned entities by investment as well as the increase (decrease) in income of partially-owned entities for the six months ended June 30, 2002 as compared to the prior year:

(amounts in thousands)	Total	CESCR	Temperature Controlled Logistics	Newkirk Joint Venture	Las Catalinas Mall
JUNE 30, 2002:					
Revenues	$ 234,857		$ 62,709	$ 146,050	$ 7,329
Expenses:					
Operating, general and administrative	(19,616)		(4,217)	(4,578)	(1,939)
Depreciation	(60,373)		(29,686)	(26,498)	(1,032)
Interest expense	(88,050)		(21,873)	(60,594)	(2,519)
Other, net	(1,556)		(1,805)	(336)	--
Net income/(loss)	$ 65,262		$ 5,128(2)	$ 54,044	$ 1,839
Vornado's interest			60%	21%	50%
Equity in net income	$ 15,700		$ 3,077	$ 11,403	$ 937
Interest and other income	4,903		306	4,597	--
Fee income	3,009		3,009	--	--
Income from partially-owned entities	$ 23,612	$ --(1)	$ 6,392	$ 16,000	$ 937
JUNE 30, 2001:					
Revenues	$ 430,355	$ 188,692	$ 64,961	$ 143,808	$ 7,206
Expenses:					
Operating, general and administrative	(88,137)	(63,949)	(4,071)	(6,875)	(1,823)
Depreciation	(86,603)	(25,292)	(29,113)	(27,979)	(1,007)
Interest expense	(154,045)	(57,811)	(22,935)	(65,857)	(2,546)
Other, net	3,515	111	1,110	(677)	--
Net income/(loss)	$ 105,085	$ 41,751	$ 9,952	$ 42,420	$ 1,830
Vornado's interest		34%	60%	30%	50%
Equity in net income	$ 36,318	$ 14,195	$ 5,971	$ 12,726	$ 939
Interest and other income	3,917	--	715	3,202	--
Fee income	2,983	--	2,983	--	--
Income from partially-owned entities	$ 43,218	$ 14,195	$ 9,669	$ 15,928	$ 939
(DECREASE) INCREASE IN INCOME FROM PARTIALLY-OWNED ENTITIES	$ (19,606)	(14,195)(1)	$ (3,277)	$ 72	$ (2)

(amounts in thousands)	Starwood Ceruzzi Joint Venture	Partially-Owned Office Buildings	Other
JUNE 30, 2002:			
Revenues	$ 117	$ 18,652	
Expenses:			
Operating, general and administrative	(913)	(7,969)	
Depreciation	(523)	(2,634)	
Interest expense	--	(3,064)	
Other, net	62	523	
Net income/(loss)	$ (1,257)	$ 5,508	
Vornado's interest	80%	22%	
Equity in net income	$ (1,006)	$ 1,237	$ 52

Interest and other income....	--	--	--
Fee income...................	--	--	--
Income from partially-owned entities....................	(1,006)	$ 1,237	$ 52

JUNE 30, 2001:			
Revenues.....................	$ 800	$ 24,888	
Expenses:			
Operating, general and administrative..........	(406)	(11,013)	
Depreciation...............	(321)	(2,891)	
Interest expense...........	--	(4,896)	
Other, net.................	1,743	1,228	
Net income/(loss)............	$ 1,816	$ 7,316	
Vornado's interest...........	80%	39%	
Equity in net income.........	$ 1,453	$ 2,865	$(1,831)
Interest and other income....	--	--	--
Fee income...................	--	--	--
Income from partially-owned entities...................	$ 1,453	$ 2,865	$(1,831)(5)
(DECREASE) INCREASE IN INCOME FROM PARTIALLY-OWNED ENTITIES.................	(2,459)(3)	$ (1,628)(4)	$ 1,883(5)

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(1) On January 1, 2002, the Company acquired the remaining 66% of CESCR it did not previously own. Accordingly, CESCR is consolidated as of January 1, 2002.

(2) Excludes the write-off of goodwill of $25,817 upon the adoption of SFAS 142 - "Goodwill and Other Intangible Assets." The Company's share of this write-off of $15,490 is reflected as a cumulative effect of change in accounting principle on the Company's Consolidated Statements of Income.

(3) The prior year's six months includes $1,300 for the Company's share of a gain on sale of a property.

(4) The six months ended June 30, 2002 excludes 570 Lexington Avenue which was sold in May 2001.

(5) The prior year's six months includes $1,352 for the Company's share of equity in loss of its Russian Tea Room ("RTR") investment. In the third quarter of 2001, the Company wrote-off its entire net investment in RTR based on the operating losses and an assessment of the value of the real estate.

INTEREST AND OTHER INVESTMENT INCOME

Interest and other investment income (interest income on mortgage loans receivable, other interest income, and dividend income) was $19,577,000 for the six months ended June 30, 2002, compared to $29,347,000 in the six months ended June 30, 2001, a decrease of $9,770,000. Of this decrease (i) $1,244,000 resulted from the lower yield on the investment of the proceeds received from the repayment of it's loan to NorthStar Partnership, L.P. in May 2002, (ii) $7,599,000 resulted primarily from the Company not recognizing income on its loans to Primestone and Vornado Operating Company (See "Liquidity and Capital Resources -- Vornado Operating Company") for the six months ended June 30, 2002 and (iii) $927,000 resulted from lower yields on other investments.

INTEREST AND DEBT EXPENSE

Interest and debt expense was $118,137,000 for the six months ended June 30, 2002, compared to $93,389,000 in the six months ended June 30, 2001, an increase of $24,748,000. This increase was primarily comprised of (i) $49,404,000 from the acquisition of the remaining 66% of CESCR and the resulting consolidation of their operations, partially offset by (ii) a $24,656,000 savings from a 282 basis point reduction in weighted average interest rates of the Company's variable rate debt and (iii) lower average outstanding debt balances.

NET GAIN (LOSS) ON DISPOSITION OF WHOLLY-OWNED AND PARTIALLY-OWNED ASSETS

The following table sets forth the details of net (loss) gain on disposition of wholly-owned and partially-owned assets for the six months ended June 30, 2002 and 2001:

(amounts in thousands)	For the Six Months Ended June 30, 2002	For the Six Months Ended June 30, 2001
Wholly-owned Assets:		
Loss on Primestone foreclosure.....................	$ (17,671)	$ --
Gain on sale of Kinzie Park condominiums units.....	1,875	--
Net gain on sale of marketable securities..........	12,346	--
Net gain from condemnation proceedings.............	--	3,050
Write-off of investments in technology companies...	--	(18,284)
Partially-owned Assets:		
Net gain on sale of 50% interest in 570 Lexington Avenue...	--	12,445
	$ (3,450)	$ (2,789)

LIQUIDITY AND CAPITAL RESOURCES

SIX MONTHS ENDED JUNE 30, 2002

Cash flow provided by operating activities of $247,298,000 was primarily comprised of (i) income of $118,114,000, (ii) adjustments for non-cash items of $159,569,000, partially offset by (iii) the net change in operating assets and liabilities of $33,835,000. The adjustments for non-cash items were primarily comprised of (i) a cumulative effect of change in accounting principle of $30,129,000, (ii) amortization of Officer's deferred compensation expense of $13,750,000, (iii) depreciation and amortization of $97,151,000, (iv) minority interest of $71,145,000, partially offset by (v) the effect of straight-lining of rental income of $18,939,000, and (vi) equity in net income of partially-owned entities and income applicable to Alexander's of $33,667,000.

Net cash used in investing activities of $75,791,000 was primarily comprised of (i) recurring capital expenditures of $27,851,000, (ii) non-recurring capital expenditures of $13,603,000, (iii) development and redevelopment expenditures of $34,831,000, (iv) investment in notes and mortgages receivable of $741,000, (v) investments in partially-owned entities of $21,984,000, (vi) cash restricted of $113,831,000 for funds escrowed in connection with a mortgage financing, partially offset by (vii) distributions from partially-owned entities of $67,454,000, (viii) repayments on notes receivable of $60,000,000 and (ix) proceeds from the sale of marketable securities of $53,445,000.

Net cash provided by financing activities of $247,092,000 was primarily comprised of (i) dividends paid on common shares of $169,838,000, (ii) dividends paid on preferred shares of $12,027,000, (iii) distributions to minority partners of $70,782,000, (iv) repayments of borrowings of $200,612,000, partially offset by proceeds from (iv) the issuance of common shares of $56,658,000, (vi) notes and mortgages payable of $622,765,000, of which $500,000,000 was from the issuance of the Company's senior unsecured notes on June 24, 2002, and (vii) the exercise of employee share options of $23,728,000.

Below are the details of capital expenditures, leasing commissions and development and redevelopment expenditures.

Capital expenditures are categorized as follows:

Recurring -- capital improvements expended to maintain a property's competitive position within the market and tenant improvements and leasing commissions for costs to re-lease expiring leases or renew or extend existing leases.

Non-recurring -- capital improvements completed in the year of acquisition and the following two years which were planned at the time of acquisition and tenant improvements and leasing commissions for space which was vacant at the time of acquisition of a property.

Development and redevelopment expenditures include all hard and soft costs associated with the development or redevelopment of a property, including tenant improvements, leasing commissions and capitalized interest and operating costs until the property is substantially complete and ready for its intended use. (amounts in thousands)

Capital Expenditures:	Total	New York City Office	CESCR	Retail	Merchandise Mart	Other
Expenditures to maintain the assets:						
Recurring	$ 6,095	$ 2,411	$ 1,734	$ 397	$ 1,112	$ 441
Non-recurring	7,090	3,762	1,570	--	1,758	--
	13,185	6,173	3,304	397	2,870	441
Tenant improvements:						
Recurring	21,756	6,857	12,783	765	1,351	--
Non-recurring	6,513	1,525	4,988	--	--	--
	28,269	8,382	17,771	765	1,351	--
Total	$ 41,454	$ 14,555	$ 21,075	$ 1,162	$ 4,221	$ 441
Leasing Commissions:						
Recurring	$ 3,659	$ 2,028	$ 1,292	$ 153	$ 98	$ 88
Non-recurring	2,644	1,630	1,014	--	--	--
	$ 6,303	$ 3,658	$ 2,306	$ 153	$ 98	$ 88
Total Capital Expenditures and Leasing Commissions:						
Recurring	$ 31,510	$ 11,296	$ 15,809	$ 1,315	$ 2,561	$ 529
Non-recurring	16,247	6,917	7,572	--	1,758	--
	$ 47,757	$ 18,213	$ 23,381	$ 1,315	$ 4,319	$ 529

Development and Redevelopment Expenditures:						
Palisades-Fort Lee, NJ (1).........	$ 9,287	$ --	$ --	$ --	$ --	$ 9,287
Other..............................	25,544	20,189	5,097	(871)(2)	558	571
	$ 34,831	$ 20,189	$ 5,097	$ (871)	$ 558	$ 9,858

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(1) Does not include $15,421 of Fort Lee development costs funded by a construction loan.
(2) Represents reimbursements from tenants for expenditures incurred in the prior year.

VORNADO OPERATING COMPANY ("VORNADO OPERATING")

Pursuant to a revolving credit facility which expires December 31, 2004, Vornado Operating owes the Company $31,489,000 at June 30, 2002. Vornado Operating has disclosed that in the aggregate, its investments do not, and for the foreseeable future, are not expected to generate sufficient cash flow to pay all of its debts and expenses. Further, Vornado Operating states that its only investee, AmeriCold Logistics ("Tenant"), anticipates that its Landlord, a partnership 60% owned by the Company and 40% owned by Crescent Real Estate Equities, will need to restructure the leases between the Landlord and the Tenant to provide additional cash flow to the Tenant (the Landlord has previously restructured the leases to provide additional cash flow to the Tenant). Management anticipates a further lease restructuring and the sale of non-core assets by AmeriCold Logistics, and accordingly, Vornado Operating is expected to have a source to repay the debt under this facility which may be extended. Since January 1, 2002, the Company has not recognized income on the debt under this facility.

SIX MONTHS ENDED JUNE 30, 2001

Cash flows provided by operating activities of $192,866,000 was primarily comprised of (i) income of $122,621,000 and (ii) adjustments for non-cash items of $63,798,000 and (iii) the net change in operating assets and liabilities of $21,642,000. The adjustments for non-cash items are primarily comprised of (i) cumulative effect of change in accounting principle of $4,110,000, (ii) the write-off of equity investments in technology companies of $18,284,000, (iii) depreciation and amortization of $61,951,000 and (iv) minority interest of $55,663,000, partially offset by (v) the effect of straight-lining of rental income of $14,542,000 and (vi) equity in net income of partially-owned entities and income applicable to Alexander's of $60,198,000.

Net cash used in investing activities of $59,966,000 was primarily comprised of (i) recurring capital expenditures of $26,490,000, (ii) non-recurring capital expenditures of $22,836,000, (iii) development and redevelopment expenditures of $74,856,000, (iv) investment in notes and mortgages receivable of $30,767,000, (v) investments in partially-owned entities of $25,221,000 partially offset by, (vi) distributions from partially-owned entities of $93,032,000 and (vii) a decrease in restricted cash arising primarily from the repayment of mortgage escrows of $27,851,000.

Net cash used in financing activities of $149,969,000 was primarily comprised of (i) proceeds from borrowings of $118,853,000, partially offset by, (ii) repayments of borrowings of $111,748,000, (iii) dividends paid on common shares of $90,992,000, (iv) dividends paid on preferred shares of $17,926,000, and (v) distributions to minority partners of $53,710,000.

Below are the details of capital expenditures, leasing commissions and development and redevelopment expenditures.

(amounts in thousands)	Total	New York City Office	Retail	Merchandise Mart	Other
Capital Expenditures:					
Expenditures to maintain the assets:					
Recurring	$ 8,268	$ 4,937	$ 412	$ 1,187	$ 1,732
Non-recurring	19,732	10,523	--	3,259	5,950
	28,000	15,460	412	4,446	7,682
Tenant improvements:					
Recurring	18,222	15,242	265	2,715	--
Non-recurring	3,104	3,104	--	--	--
	21,326	18,346	265	2,715	--
Total	$ 49,326	$ 33,806	$ 677	$ 7,161	$ 7,682
Leasing Commissions:					
Recurring	$ 6,090	$ 5,710	$ 195	$ 48	$ 137
Non-recurring	--	--	--	--	--
	$ 6,090	$ 5,710	$ 195	$ 48	$ 137
Development and Redevelopment:					
Expenditures:					
Park Laurel (80% interest)	$ 29,212	$ --	$ --	$ --	$ 29,212
Market Square on Main Street	17,597	--	--	17,597	--
Other	28,047	14,682	1,964	1,863	9,538(1)
	$ 74,856	$ 14,682	$ 1,964	$ 19,460	$ 38,750

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(1) Does not include $37,592 of Fort Lee development costs funded by a construction loan.

SUPPLEMENTAL INFORMATION

Below is a summary of net income, EBITDA and funds from operations for the three and six months ended June 30, 2002 and 2001, giving effect to the following transactions as if they had occurred on January 1, 2001: (i) the acquisition of the remaining 66% of CESCR on January 1, 2002 and (ii) the Company's November 21, 2001 sale of 9,775,000 common shares and the use of proceeds to repay indebtedness.

(amounts in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2002	June 30, 2001 (Pro Forma)	June 30, 2002	June 30, 2001 (Pro Forma)
Revenues	$ 353,247	$ 341,686	$ 699,571	$ 679,542
Net income	$ 68,711	$ 67,657	$ 118,114	$ 128,519
Preferred share dividends	(5,896)	(9,192)	(12,027)	(18,865)
Net income applicable to common shares	$ 62,815	$ 58,465	$ 106,087	$ 109,654
Net income per common share - diluted	$ .57	$ .59	$ .97	$ 1.10
EBITDA	$ 235,599	$ 229,575	$ 474,627	$ 461,745
Funds from operations(1)	$ 107,327	$ 99,757	$ 216,573	$ 198,247
Shares used for determining funds from operations per share	113,563	107,395	112,526	107,294

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(1) See page 45 for further details on funds from operations.

Below are the details of the changes by segment in EBITDA for the three months ended June 30, 2002 from the three months ended March 31, 2002.

(amounts in thousands)	Total	Office	Retail	Merchandise Mart	Temperature Controlled Logistics	Other
Three months ended March 31, 2002	$ 239,028	$ 142,878	$ 27,534	26,228	$ 21,237	21,151
2002 Operations:						
Same store operations(1)	4,739	1,954	496	6,018	(4,592)	863
Non-recurring income and expenses	(8,168)	100	(1,000)	(777)	--	(6,491)
Three months ended June 30, 2002	235,599	$ 144,932	$ 27,030	31,469	$ 16,645	15,523
% increase (decrease) in same store operations	2.0%	1.4%(2)	1.8%	22.9%(3)	(21.6%)(4)	4.1%

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(1) Represents operations which were owned for the same period in each year and excludes non-recurring income and expenses.
(2) Same store percentage increase was 1.1% for the New York City office portfolio, and 1.6% for the CESCR portfolio.
(3) Increase results primarily from (i) EBITDA generated by the Chicago NeoCon and High Point North Carolina furniture shows in the three months ended June 30, 2002 in excess of the EBITDA generated by shows in the three months ended March 31, 2002 and (ii) a .7% same store increase in other operations.
(4) The tenant has advised the Landlord that (i) its revenue for the quarter ended June 30, 2002 from the warehouses it leases from the Landlord, was higher than last quarter by .6%, and (ii) its gross profit before rent at these warehouses decreased by $2,724 (6.2%). The increase in revenue is primarily attributable to higher occupancy rates, offset by a reduction in customer inventory turns. The decrease in gross profit is primarily attributable to higher insurance costs, partially offset by lower payroll expenses. In addition, the tenant's cash requirements for capital expenditures, debt service and pension liability funding were $1,668 higher in the current quarter than in the prior quarter, which impacted the ability of the tenant to pay rent.

LEASING ACTIVITY

The following table sets forth certain information for the properties the Company owns directly or indirectly, including leasing activity for space previously occupied:

(square feet and cubic feet in thousands)	Office			Merchandise Mart		
As of June 30, 2002:	New York City	CESCR	Retail	Office	Showroom	Temperature Controlled Logistics
Square feet	14,325	13,008	11,301	2,831	5,497	17,509
Cubic feet	--	--	--	--	--	441,500
Number of properties	22	51	55	9	9	88
Occupancy rate	96.1%	94.7%	88.5%(3)	89.8%	94.9%	78.6%
Leasing Activity:						
For the quarter ended June 30, 2002:						
Square feet	100(2)	454	403	29	213	--
Rent per square foot:						
Initial rent (1)	$ 42.69	$ 32.25	$ 12.04	$ 20.51	$ 19.80	--
Prior escalated rent	$ 36.33	$ 31.44	$ 9.91	$ 18.35	$ 20.16	--
Percentage increase(decrease)	17.5%	2.6%	21.5%	11.8%	(1.7%)	--
For the Six Months Ended June 30, 2002:						
Square feet	221(2)	913	509	85	416	--
Rent per square foot:						
Initial Rent(1)	$ 46.27	$ 32.03	$ 12.35	$ 20.88	$ 17.45	--
Prior escalated rent	$ 34.51	$ 30.50	$ 9.67	$ 19.81	$ 16.95	--
Percentage increase	34.1%	5.0%	27.7%	5.4%	3.0%	--
As of March 31, 2002:						
Square feet	14,317	13,008	11,301	2,822	5,490	17,695
Cubic feet	--	--	--	--	--	445,200
Number of properties	22	51	55	9	9	89
Occupancy rate	96.7%	94.1%	91.0%	90.4%	95.3%	75.1%
As of December 31, 2001:						
Square feet	14,300	4,386	11,301	2,840	5,532	17,695
Cubic feet	--	--	--	--	--	445,200
Number of properties	22	51	55	9	9	89
Occupancy rate	97.4%	94.7%	92.0%	90.9%	95.5%	80.7%
As of June 30, 2001:						
Square feet	14,465	4,249	11,301	2,869	5,044	17,569
Cubic feet	--	--	--	--	--	440,200
Number of properties	22	50	55	9	9	88
Occupancy rate	95.0%	96.0%	92.0%	90.2%	96.8%	74.06%

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(1) Most leases include periodic step-ups in rent, which are not reflected in the initial rent per square foot leased.

(2) In addition to the above, the Company leased 45 and 67 square feet of previously vacant space (first generation space - space which has been vacant for more than nine months) at an average initial rent per square foot of $50.83 and $53.03 for the three and six months ended June 30, 2002.

(3) On June 29, 2002, K-Mart rejected its lease at the Company's Green Acres location (131 square feet at $13.64 per square foot).

SENIOR UNSECURED DEBT COVENANT COMPLIANCE RATIOS

The following ratios as of and for the three months ended June 30,2002, are computed pursuant to the covenants and definitions of the Company's senior unsecured notes due 2007 and are presented on a basis to give effect to the Company's sale of the notes and the subsequent repayment of $463 million of mortgages payable as if these transactions had occurred on January 1, 2002.

	Actual	Required
Total Outstanding Debt/Total Assets..................	42%	Less than 60%
Secured Debt/Total Assets............................	37%	Less than 55%
Interest coverage (Annualized Combined EBITDA to Annualized Interest Expense).......................	3.04	Greater than 1.50
Unencumbered Assets/ Unsecured Debt..................	636%	Greater than 150%

The covenants and definitions of the Company's senior unsecured notes due 2007 are described in Exhibit 4.2 to this quarterly report on Form 10-Q.

FUNDS FROM OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002 AND 2001

Funds from operations was $107,327,000 in the three months ended June 30, 2002, compared to $83,930,000 in the prior year's quarter, an increase of $23,397,000. Funds from operations include nonrecurring charges of $11,856,000(1) and $13,561,000(1) in the three months ended June 30, 2002 and 2001. Funds from operations before these items and after minority interest was $116,763,000 in the three months ended June 30, 2002, compared to $95,658,000 in the prior year's quarter, a $21,105,000 increase over the prior year, or 5.1% on a per share basis.

Funds from operations was $216,573,000 in the six months ended June 30, 2002, compared to $165,837,000 in the prior year's six months, an increase of $50,736,000. Funds from operations includes nonrecurring charges of $17,200,000(1) and $23,284,000(1) in the six months ended June 30, 2002 and 2001. Funds from operations before these items and after minority interest was $230,242,000 in the six months ended June 30, 2002, compared to $185,970,000 in the prior year's six months, a $44,272,000 increase over the prior year, or 7.3% on a per share basis.

The following table reconciles funds from operations and net income:

(amounts in thousands)	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2002	2001	2002	2001
Net income applicable to common shares	$ 62,815	$ 56,920	$ 106,087	$ 103,756
Cumulative effect of a change in accounting principle	--	--	30,129	4,110
Extraordinary item	--	--	--	(1,170)
Depreciation and amortization of real property	47,992	29,041	93,479	60,081
Straight-lining of property rentals for rent escalations	(8,864)	(5,819)	(17,541)	(13,074)
Leasing fees received in excess of income recognized	432	(124)	750	(248)
Appreciation of securities held in officer's deferred compensation trust	--	2,952	--	669
Net gain on sale of real estate and partially-owned entities	--	(12,445)	--	(12,445)
Net gain from condemnation proceedings	--	(3,050)	--	(3,050)
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at funds from operations:				
Depreciation and amortization of real property	12,903	15,615	25,784	31,607
Net gain on sale of real estate (Alexander's Fordham Road property)	--	--	--	(6,298)
Other	716	(323)	206	(751)
Minority interest in excess of preferential distributions	(10,314)	(3,780)	(25,849)	(7,716)
	105,680	78,987	213,045	155,471
Series A preferred shares	1,647	4,943	3,528	10,366
Funds from operations--diluted (2)	$ 107,327	$ 83,930	$ 216,573	$ 165,837

The number of shares that should be used for determining funds from operations per share is as follows:

(amounts in thousands)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Weighted average shares used for determining diluted income per share	110,714	89,602	108,954	89,501
Series A preferred shares	2,849	8,018	3,572	8,018
Shares used for determining diluted funds from operations per share (2)	113,563	97,620	112,526	97,519

Funds from operations does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America and is not necessarily indicative of cash available to fund cash needs which is disclosed in the Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of funds from operations. Funds from operations should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as a measure of liquidity. Management considers funds from operations a supplemental measure of operating performance and along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. Funds from operations may not be comparable to similarly titled measures reported by other REITs since a number of REITs, including the Company, calculate funds from operations in a manner different from that used by NAREIT. Funds from operations, as defined by NAREIT, represents net income applicable to common shares before depreciation and amortization, extraordinary items and gains or losses on sales of real estate. Funds from operations as disclosed above has been modified from this definition to adjust primarily for the effect of straight-lining of property rentals for rent escalations and leasing fee income.

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(1) Net Nonrecurring charges which are included in funds from operations above are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Loss on Primestone foreclosure	$ (17,671)	$ --	$ (17,671)	$ --
Gains on sale of marketable securities	12,346	--	12,346	--
Amortization of Officer's deferred compensation	(6,875)	--	(13,750)	--
Gain on sale of residential condominium units	344	--	1,875	--
Write-off of investments in technology companies	--	(13,561)	--	(18,284)
Costs of acquisitions not consummated	--	--	--	(5,000)
	$ (11,856)	$ (13,561)	$ (17,200)	$ (23,284)

(2) Assuming all of the convertible units of the Operating Partnership were converted to shares, the minority interest in partnership earnings would not be deducted in calculating funds from operations and the shares used in calculating funds from operations per share would be increased to reflect the conversion. Funds from operations per share would not change. The following table reconciles funds from operations as shown above, to the Operating Partnership's funds from operations for the three months and six months ended June 30, 2002 and 2001:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Funds from operations, as above	$ 107,327	$ 83,930	$ 216,573	$ 165,837
Addback of minority interest reflected as equity in the Operating Partnership	27,521	13,147	55,936	25,951
Operating Partnership funds from operations	$ 134,848	$ 97,077	$ 272,509	$ 191,788

The number of shares that should be used for determining Operating Partnership funds from operations per share is as follows:

Shares used for determining diluted funds from operations per share, as above	113,563	97,620	112,526	97,519
Convertible units:				
Non-Vornado owned Class A units	21,352	6,628	21,295	6,628
Class D units	--	864	--	864
B-1 units	822	822	822	822
B-2 units	411	411	411	411
C-1 units	855	855	855	855
E-1 units	5,680	5,680	5,680	5,680
Shares used for determining Operating Partnership diluted funds from operations per share	142,683	112,880	141,589	112,779

Below are the cash flows provided by (used in) operating, investing and financing activities:

(amounts in thousands)	For the Six Months Ended June 30, 2002	2001
Operating activities.................	$ 247,298	$ 192,866
Investing activities.................	$ (75,791)	$ (59,966)
Financing activities.................	$ 247,092	$ (149,969)

FINANCINGS

The Company anticipates that cash from continuing operations will be adequate to fund business operations and the payment of dividends and distributions on an on-going basis for more than the next twelve months; however, capital outlays for significant acquisitions would require funding from borrowings or equity offerings.

On June 24, 2002, the Company completed an offering of $500,000,000 aggregate principal amount of 5.625% senior unsecured notes due June 15, 2007. Interest on the notes is payable semi-annually on June 15th and December 15th, commencing December 15, 2002. The notes were priced at 99.856% of their face amount to yield 5.659%. Of the net proceeds of approximately $496,300,000, (i) $70,000,000 was used to repay the mortgage payable on 350 North Orleans prior to June 30, 2002, and (ii) $393,000,000 was used to repay the mortgages on Two Park Avenue, the Merchandise Mart and a portion of Seven Skyline in July and August 2002. After the repayment of these mortgages, the balance of the Company's wholly-owned debt was $4,041,929, as compared to $3,970,486 at March 31, 2002. On June 27, 2002, the Company entered into interest rate swaps that effectively converted the interest rate on the $500,000,000 senior unsecured notes due 2007 from a fixed rate of 5.625% to a floating rate of LIBOR plus .7725, based upon the trailing 3 month LIBOR rate (2.59 % if set on August 1, 2002).

COMMITMENTS

In conjunction with the closing of Alexander's Lexington Avenue construction loan on July 3, 2002, the Company agreed to guarantee, among other things, the lien free, timely completion of the construction of the project and funding of all project costs in excess of a stated loan budget, if not funded by Alexander's.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The Company's exposure to a change in interest rates on its wholly-owned and partially-owned debt (all of which arises out of non-trading activity) is as follows:

(amounts in thousands except per share amounts)	June 30, 2002			December 31, 2001	
	Balance	Weighted Average Interest Rate	Effect of 1% Change In Base Rates	Balance	Weighted Average Interest Rate
Wholly-owned debt:					
Variable rate...........	$ 1,801,498	3.04%	$ 11,007(1)	$ 1,182,605	3.39%
Fixed rate..............	2,633,431	7.29%	--	1,294,568	7.53%
	$ 4,434,929	5.56%	11,007	$ 2,477,173	
Partially-owned debt:					
Variable rate...........	$ 14,775	5.07%	559(2)	$ 85,516	5.63%
Fixed rate..............	847,754	8.66%	--	1,234,019	8.29%
	$ 862,529	8.60%	559	$ 1,319,535	
Minority interest..............			(2,358)		
Total decrease in the Company's annual net income...................			$ 9,208		
Per share-diluted.........			$ .08		

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(1) The effect of a 1% change in wholly-owned debt base rates shown above is calculated after giving effect to (i) the Company's issuance of $500,000 senior unsecured notes due 2007 and the use of proceeds to repay existing variable rate debt and (ii) the exclusion of $238,659 of variable rate mortgage financing, cross-collateralized by the Company's 770 Broadway and 595 Madison Avenue office properties as the proceeds are held in a restricted mortgage escrow account which bears interest at the same rate as the loans.

(2) The effect of a 1% change in partially-owned debt base rates shown above is calculated after including $41,148, representing the Company's 14.9% share of Prime Group Realty L.P.'s ("PGE") outstanding variable rate debt as at March 31, 2002. PGE has not filed its quarterly report on Form 10-Q for the quarter ended June 30, 2002, prior to the filing of this quarterly report on Form 10-Q.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is from time to time involved in legal actions arising in the ordinary course of its business. In the opinion of management, after consultation with legal counsel, the outcome of such matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

As a result of the Company's April 30, 2002 foreclosure on the partnership units of Prime Group Realty L.P., the Company's litigation against Primestone discussed in the quarterly report on Form 10-Q for the quarter ended March 31, 2002, has been dismissed pursuant to the parties stipulation on May 28, 2002.

As previously disclosed, on February 13, 2002, Primestone counterclaimed against the Company, alleging, among other things, that the Company tortiously interfered with a prospective contract with Cadim inc., and on March 4, 2002, the Company filed an answer denying the essential allegations of the counterclaim. On May 20, 2002, the Company served a motion for summary judgment asking the Court to enter judgment in its favor on its claims against Primestone and to dismiss Primestone's counterclaims. On July 31, 2002, Primestone moved for leave to amend its counterclaim, primarily to assert that Vornado's April 30, 2002 foreclosure on the collateral pledged by Primestone did not comply with the Uniform Commercial Code. This litigation is continuing. SEE "Item 3. Legal Proceedings" of the Company's Annual Report on Form 10-K for the year ended December 31, 2001 for more information about this litigation.

Primestone and several affiliates commenced an action against the Company on May 3, 2002 in New York Supreme Court, alleging substantially the same causes of action as in Primestone's February 13, 2002 counterclaim. In the May 3, 2002 action, Primestone also alleges that Vornando's foreclosure on the collateral pledged by Primestone did not comply with the Uniform Commercial Code. On June 10, 2002, Vornando moved to dismiss this action. This litigation is continuing.

On May 9, 2002, five affiliates of Primestone asserted counterclaims in an action which the Company had commenced against them on March 28, 2002 in New York Supreme Court. The counterclaims are virtually identical to the claims asserted in the May 3, 2002 action. On May 29, 2002, Vornado filed an answer denying the essential allegations of this counterclaim. This litigation is continuing.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 29, 2002, the Company held its annual meeting of shareholders. The matters on which the shareholders voted, in person or by proxy, were (i) the election of four nominees to serve on the Board of Trustees for terms described below and until their respective successors are duly elected and qualified, (ii) to approve an amendment of the Declaration of Trust of the Company, (iii) to adopt the 2002 Omnibus Share Plan, and (iv) a shareholder proposal to declassify the Board of Trustees. The results of the voting are shown below:

Election of Trustees:

Trustee	Term	Votes Cast for	Votes Cast Against or Withheld
Stanley Simon	3 years	92,329,572	2,657,160
Ronald Targan	3 years	91,954,952	3,031,780
Robert H. Smith	3 years	92,248,933	2,737,799
Robert P. Kogod	2 years	92,264,425	2,722,307

	Votes cast for	Votes Cast Against or Withheld	Broker Non-Votes
Amendment of Declaration of Trust	82,411,065	592,224	11,983,443
Adoption of 2002 Omnibus Share Plan	49,144,394	33,858,895	11,983,443
Shareholder Proposal to Declassify Board of Trustees	42,537,404	40,465,885	11,983,443

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits required by Item 601 of Regulation S-K are incorporated herein by reference and are listed in the attached Exhibit Index.

(b) Reports on Form 8-K:
During the quarter ended June 30, 2002, the Company did not file any reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VORNADO REALTY TRUST

(Registrant)

Date: August 7, 2002 By: /s/ Joseph Macnow

Joseph Macnow, Executive Vice President - Finance and Administration and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NO.			
2.1	--	Agreement and Plan of Merger, dated as of October 18, 2001, by and among Vornado, Vornado Merger Sub L.P., Charles E. Smith Commercial Realty L.P., Charles E. Smith Commercial Realty L.L.C., Robert H. Smith, individually, Robert P. Kogod, individually, and Charles E. Smith Management, Inc. - Incorporated by reference to Exhibit 2.1 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on January 16, 2002..........	*
3.1	--	Amended and Restated Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 16, 1993 - Incorporated by reference to Exhibit 3(a) of Vornado's Registration Statement on Form S-4 (File No. 33-60286), filed on April 15, 1993..........	*
3.2	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on May 23, 1996 - Incorporated by reference to Exhibit 3.2 of Vornado's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 001-11954), filed on March 11, 2002..........	*
3.3	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 3, 1997 - Incorporated by reference to Exhibit 3.3 of Vornado's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-11954), filed on March 11, 2002..........	*
3.4	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on October 14, 1997 - Incorporated by reference to Exhibit 3.2 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000..........	*
3.5	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 22, 1998 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated April 22, 1998 (File No. 001-11954), filed on April 28, 1998..........	*
3.6	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on November 24, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000..........	*
3.7	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on April 20, 2000 - Incorporated by reference to Exhibit 3.5 of Vornado's Registration Statement on Form S-3 (File No. 333-36080), filed on May 2, 2000..........	*
3.8	--	Articles of Amendment of Declaration of Trust of Vornado, as filed with the State Department of Assessments and Taxation of Maryland on September 14, 2000 - Incorporated by reference to Exhibit 4.6 of Vornado's Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001..........	*
3.9	--	Articles of Amendment of Declaration of Trust of Vornado dated May 31, 2002, as filed with the Department of Assessments and Taxation of the State of Maryland on June 13, 2002	
3.10	--	Articles of Amendment of Declaration of Trust of Vornado dated June 6, 2002, as filed with the Department of Assessments and Taxation of the State of Maryland on June 13, 2002	

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* Incorporated by reference

EXHIBIT NO.			
3.11	--	Articles Supplementary Classifying Vornado's $3.25 Series A Preferred Shares of Beneficial Interest, liquidation preference $50.00 per share - Incorporated by reference to Exhibit 4.1 of Vornado's Current Report on Form 8-K, dated April 3, 1997 (File No. 001-11954), filed on April 8, 1997	*
3.12	--	Articles Supplementary Classifying Vornado's $3.25 Series A Convertible Preferred Shares of Beneficial Interest, as filed with the State Department of Assessments and Taxation of Maryland on December 15, 1997 - Incorporated by reference to Exhibit 3.10 to Vornado's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 001-11954), filed on March 31, 2002	*
3.13	--	Articles Supplementary Classifying Vornado's Series D-1 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest, no par value (the "Series D-1 Preferred Shares") - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998	*
3.14	--	Articles Supplementary Classifying Additional Series D-1 8.5% Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, no par value - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999	*
3.15	--	Articles Supplementary Classifying 8.5% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, no par value - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999	*
3.16	--	Articles Supplementary Classifying Vornado's Series C 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, no par value - Incorporated by reference to Exhibit 3.7 of Vornado's Registration Statement on Form 8-A (File No. 001-11954), filed on May 19, 1999	*
3.17	--	Articles Supplementary Classifying Vornado Realty Trust's Series D-2 8.375% Cumulative Redeemable Preferred Shares, dated as of May 27, 1999, as filed with the State Department of Assessments and Taxation of Maryland on May 27, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999	*
3.18	--	Articles Supplementary Classifying Vornado's Series D-3 8.25% Cumulative Redeemable Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999	*
3.19	--	Articles Supplementary Classifying Vornado's Series D-4 8.25% Cumulative Redeemable Preferred Shares, dated September 3, 1999, as filed with the State Department of Assessments and Taxation of Maryland on September 3, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999	*
3.20	--	Articles Supplementary Classifying Vornado's Series D-5 8.25% Cumulative Redeemable Preferred Shares - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999	*

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* Incorporated by reference

EXHIBIT NO.			
3.21	--	Articles Supplementary Classifying Vornado`s Series D-6 8.25% Cumulative Redeemable Preferred Shares, dated May 1, 2000, as filed with the State Department of Assessments and Taxation of Maryland on May 1, 2000 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 1, 2000 (File No. 001-11954), filed May 19, 2000................................	*
3.22	--	Articles Supplementary Classifying Vornado's Series D-7 8.25% Cumulative Redeemable Preferred Shares, dated May 25, 2000, as filed with the State Department of Assessments and Taxation of Maryland on June 1, 2000 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated May 25, 2000 (File No. 001-11954), filed on June 16, 2000...........................	*
3.23	--	Articles Supplementary Classifying Vornado's Series D-8 8.25% Cumulative Redeemable Preferred Shares - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated December 8, 2000 (File No. 001-11954), filed on December 28, 2000...	*
3.24	--	Articles Supplementary Classifying Vornado's Series D-9 8.75% Preferred Shares, dated September 21, 2001, as filed with the State Department of Assessments and Taxation of Maryland on September 25, 2001 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on October 12, 2001..	*
3.25	--	Amended and Restated Bylaws of Vornado, as amended on March 2, 2000 - Incorporated by reference to Exhibit 3.12 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 001-11954), filed on March 9, 2000...	*
3.26	--	Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of October 20, 1997 (the "Partnership Agreement") - Incorporated by reference to Exhibit 3.4 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1997 filed on March 31, 1998..	*
3.27	--	Amendment to the Partnership Agreement, dated as of December 16, 1997-Incorporated by reference to Exhibit 3.5 of Vornado's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 001-11954) filed on March 31, 1998...	*
3.28	--	Second Amendment to the Partnership Agreement, dated as of April 1, 1998 - Incorporated by reference to Exhibit 3.5 of Vornado's Registration Statement on Form S-3 (File No. 333-50095), filed on April 14, 1998..	*
3.29	--	Third Amendment to the Partnership Agreement, dated as of November 12, 1998 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 12, 1998 (File No. 001-11954), filed on November 30, 1998...	*
3.30	--	Fourth Amendment to the Partnership Agreement, dated as of November 30, 1998 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated December 1, 1998 (File No. 001-11954), filed on February 9, 1999..	*
3.31	--	Exhibit A to the Partnership Agreement, dated as of December 22, 1998 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K/A, dated November 12, 1998 (File No. 001-11954), filed on February 9, 1999...	*
3.32	--	Fifth Amendment to the Partnership Agreement, dated as of March 3, 1999 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999...	*

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* Incorporated by reference

EXHIBIT NO.			
3.33	--	Exhibit A to the Partnership Agreement, dated as of March 11, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated March 3, 1999 (File No. 001-11954), filed on March 17, 1999...	*
3.34	--	Sixth Amendment to the Partnership Agreement, dated as of March 17, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..	*
3.35	--	Seventh Amendment to the Partnership Agreement, dated as of May 20, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..	*
3.36	--	Eighth Amendment to the Partnership Agreement, dated as of May 27, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated May 27, 1999 (File No. 001-11954), filed on July 7, 1999..	*
3.37	--	Ninth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.3 of Vornado's Current Report on Form 8-K (File No. 001-11954), filed on October 25, 1999..	*
3.38	--	Tenth Amendment to the Partnership Agreement, dated as of September 3, 1999 - Incorporated by reference to Exhibit 3.4 of Vornado's Current Report on Form 8-K, dated September 3, 1999 (File No. 001-11954), filed on October 25, 1999..	*
3.39	--	Eleventh Amendment to the Partnership Agreement, dated as of November 24, 1999 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated November 24, 1999 (File No. 001-11954), filed on December 23, 1999...	*
3.40	--	Twelfth Amendment to the Partnership Agreement, dated as of May 1, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 1, 2000 (File No. 001-11954), filed on May 19, 2000..	*
3.41	--	Thirteenth Amendment to the Partnership Agreement, dated as of May 25, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated May 25, 2000 (File No. 001-11954), filed on June 16, 2000...	*
3.42	--	Fourteenth Amendment to the Partnership Agreement, dated as of December 8, 2000 - Incorporated by reference to Exhibit 3.2 of Vornado's Current Report on Form 8-K, dated December 8, 2000 (File No. 001-11954), filed on December 28, 2000...	*
3.43	--	Fifteenth Amendment to the Partnership Agreement, dated as of December 15, 2000 - Incorporated by reference to Exhibit 4.35 of Vornado Realty Trust's Registration Statement on Form S-8 (File No. 333-68462), filed on August 27, 2001...	*
3.44	--	Sixteenth Amendment to the Partnership Agreement, dated as of July 25, 2001 - Incorporated by reference to Exhibit 3.3 of Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 12, 2001..	*
3.45	--	Seventeenth Amendment to the Partnership Agreement, dated as of September 21, 2001 - Incorporated by reference to Exhibit 3.4 of Vornado Realty Trust's Current Report on Form 8-K (File No. 001-11954), filed on October 12, 2001..	*

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* Incorporated by reference

EXHIBIT NO.			
3.46	--	Eighteenth Amendment to the Partnership Agreement, dated as of January 1, 2002 - Incorporated by reference to Exhibit 3.1 of Vornado's Current Report on Form 8-K (File No. 1-11954), filed on March 18, 2002..........	*
3.47	--	Nineteenth Amendment to the Partnership Agreement, dated as of July 1, 2002	
4.1	--	Indenture, dated as of June 24, 2002, between Vornado Realty L.P. and The Bank of New York, as Trustee - Incorporated by reference to Exhibit 4.1 to Vornado Realty L.P.'s Current Report on Form 8-K dated June 19, 2002 (File No. 000-22685), filed on June 24, 2002..........	*
4.2	--	Officer's Certificate pursuant to Sections 102 and 301 of the Indenture, dated June 24, 2002	
10.1	--	Amended and Restated Credit Agreement dated July 3, 2002, between 59th Street Corporation and Vornado Lending L.L.C. (evidencing $40,000,000 of debt) - Incorporated by reference to Exhibit 10(i)(B)(1) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.2	--	Credit Agreement, dated July 3, 2002, between Alexander's Inc. and Vornado Lending L.L.C. (evidencing a $20,000,000 loan) - Incorporated by reference to Exhibit 10(i)(B)(2) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.3	--	Amended and Restated Credit Agreement, dated July 3, 2002, between Alexander's Inc. and Vornado Lending L.L.C. (evidencing a $50,000,000 line of credit facility) - Incorporated by reference to Exhibit 10(i)(B)(3) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.4	--	Credit Agreement, dated July 3, 2002, between Alexander's and Vornado Lending L.L.C. (evidencing a $35,000,000 loan) - Incorporated by reference to Exhibit 10(i)(B)(4) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.5	--	Guaranty of Completion, dated as of July 3, 2002, executed by Vornado Realty L.P. for the benefit of Bayerische Hypo- and Vereinsbank AG, New York Branch, as Agent for the Lenders - Incorporated by reference to Exhibit 10(i)(C)(5) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.6	--	Reimbursement Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., 731 Commercial LLC, 731 Residential LLC and Vornado Realty L.P. - Incorporated by reference to Exhibit 10(i)(C)(8) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.7	--	Amendment to Real Estate Retention Agreement, dated as of July 3, 2002, by and between Alexander's, Inc. and Vornado Realty L.P. - Incorporated by reference to Exhibit 10(i)(E)(3) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.8	--	59th Street Real Estate Retention Agreement, dated as of July 3, 2002, by and between Vornado Realty L.P., 731 Residential LLC and 731 Commercial LLC - Incorporated by reference to Exhibit 10(i)(E)(4) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*
10.9	--	Amended and Restated Management and Development Agreement, dated as of July 3, 2002, by and between Alexander's, Inc., the subsidiaries party thereto and Vornado Management Corp. - Incorporated by reference to Exhibit 10(i)(F)(1) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..........	*

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* Incorporated by reference

EXHIBIT NO.			
10.10	--	59th Street Management and Development Agreement, dated as of July 3, 2002, by and between 731 Commercial LLC and Vornado Management Corp. - Incorporated by reference to Exhibit 10(i)(F)(2) of Alexander's Inc.'s quarterly report for the period ended June 30, 2002 (File No. 001-06064), filed on August 7, 2002..	*
10.11	--	Amendment to the Stock Pledge Agreement between Vornado Realty Trust and Steven Roth dated May 29, 2002 - Incorporated by reference to Exhibit 5 of Interstate Properties' Schedule 13D dated May 29, 2002 (File No. 005-44144), filed on May 30, 2002..	*

Exhibit 3.9

VORNADO REALTY TRUST

ARTICLES OF AMENDMENT OF DECLARATION OF TRUST

THIS IS TO CERTIFY THAT:

FIRST: The Amended and Restated Declaration of Trust, as amended (the "Declaration of Trust"), of Vornado Realty Trust, a Maryland real estate investment trust (the "Trust"), is hereby amended by deleting Article VI, Section 6.6(l)(1) of the Declaration of Trust in its entirety and replacing it with the following:

> " (1) The Board of Trustees, with a ruling from the Internal Revenue Service or an opinion of counsel, may exempt a Person from the Ownership Limit with respect to a class of Shares or an Existing Holder Limit, as the case may be, if the Board of Trustees obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's Beneficial Ownership of Shares of such class will violate the Ownership Limit with respect to such class or any applicable Existing Holder Limit, in either case with respect to such individual, and such Person acknowledges and agrees that any violation or attempted violation will result in, to the extent necessary, the exchange of Shares held by such Person for Excess Stock in accordance with Section 6.6(c). In no event shall any exemption granted pursuant to this Section 6.6(l)(1) to a Person that is an individual for purposes of Section 542(a)(2) of the Code permit such individual to have Beneficial Ownership with respect to any class of Shares in excess of 9.9% of the outstanding Shares of such class."

SECOND: The amendment to the Declaration of Trust as hereinabove set forth has been duly advised by the Board of Trustees and approved by the shareholders of the Trust as required by law.

THIRD: The undersigned Chairman of the Board acknowledges this amendment to be the trust act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Chairman of the Board acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[THE REMAINDER OF THE PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Trust has caused this amendment to be signed in its name and on its behalf by its Chairman of the Board and attested to by its Corporate Secretary on this 31st day of May, 2002.

ATTEST:	VORNADO REALTY TRUST
/s/ Larry Portal	/s/ Steven Roth [SEAL]
Name: Larry Portal	Name: Steven Roth
Title: Corporate Secretary	Title: Chairman of the Board

Exhibit 3.10

VORNADO REALTY TRUST

ARTICLES OF AMENDMENT OF DECLARATION OF TRUST

THIS IS TO CERTIFY THAT:

FIRST: The Amended and Restated Declaration of Trust, as amended (the "Declaration of Trust"), of Vornado Realty Trust, a Maryland real estate investment trust (the "Trust"), is hereby amended by deleting Article VI, Section 6.1 of the Declaration of Trust in its entirety and replacing it with the following:

> "SECTION 6.1 AUTHORIZED SHARES. The total number of shares of beneficial interest which the Trust is authorized to issue is 540,000,000 shares, of which 70,000,000 shall be preferred shares of beneficial interest, no par value per share ("Preferred Stock") (including 5,789,239 $3.25 Series A Convertible Preferred Shares of Beneficial Interest, liquidation preference $50.00 per share; 3,400,000 8.5% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share; 4,600,000 8.5% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share; 3,500,000 Series D-1 8.5% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share; 549,336 8.375% Series D-2 Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $50.00 per share; 8,000,000 Series D-3 8.25% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share; 5,000,000 Series D-4 8.25% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share; 7,480,000 Series D-5 8.25% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25 per share; 1,000,000 Series D-6 8.25% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, 7,200,000 Series D-7 8.25% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share, 360,000 Series D-8 8.25% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share and 1,800,000 Series D-9 8.25% Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25.00 per share), 200,000,000 shares shall be common shares of beneficial interest, $.04 par value per share ("Common Stock"), and 270,000,000 shares shall be excess shares of beneficial interest, $.04 par value per share ("Excess Stock")."

SECOND: The foregoing amendment has been approved by the Board of Trustees of the Trust as required by Section 8-203(a)(7) of the Maryland REIT Law and Article IX, Section 9.1(b) of the Declaration of Trust.

THIRD: The total number of shares of beneficial interest which the Trust had authority to issue immediately prior to this amendment was 440,000,000, consisting of 150,000,000 common shares of beneficial interest, $.04 par value per share, 70,000,000 preferred shares of beneficial interest, no par value per share, and 220,000,000 excess shares of beneficial interest, $.04 par value per share. The aggregate par value of all authorized shares of beneficial interest having par value was $14,800,000.

FOURTH: The number of shares of beneficial interest which the Trust has authority to issue pursuant to the foregoing amendment is 540,000,000, consisting of 200,000,000 common shares of beneficial interest, $.04 par value per share, 70,000,000 preferred shares of beneficial interest, no par value per share, and 270,000,000 excess shares of beneficial interest, $.04 par value per share. The aggregate par value of all authorized shares of beneficial interest having par value is $18,800,000.

FIFTH: The undersigned Chairman of the Board acknowledges this amendment to be the trust act of the Trust and, as to all matters or facts required to be verified under oath, the undersigned Chairman of the Board acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this Statement is made under the penalties for perjury.

[THE REMAINDER OF THE PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Trust has caused this amendment to be signed in its name and on its behalf by its Chairman of the Board and attested to by its Corporate Secretary on this 6th day of June, 2002.

ATTEST:	VORNADO REALTY TRUST
/s/ Larry Portal	/s/ Steven Roth [SEAL]
Name: Larry Portal	Name: Steven Roth
Title: Corporate Secretary	Title: Chairman of the Board

Exhibit 3.47

NINETEENTH
AMENDMENT
TO
SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
VORNADO REALTY L.P.

Dated as of July 1, 2002

THIS NINETEENTH AMENDMENT TO THE SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF VORNADO REALTY L.P. (this "AMENDMENT") is hereby adopted by Vornado Realty Trust, a Maryland real estate investment trust (defined therein as the "GENERAL PARTNER"), as the general partner of Vornado Realty L.P., a Delaware limited partnership (the "PARTNERSHIP"). For ease of reference, capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., as amended by the Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 16, 1997, and further amended by the Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of April 1, 1998, and the Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 12, 1998, and the Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 30, 1998, and the Fifth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 3, 1999, and the Sixth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of March 17, 1999, and the Seventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 20, 1999, and the Eighth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 27, 1999, and the Ninth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of September 3, 1999, and the Tenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of September 3, 1999, and the Eleventh Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of November 24, 1999, and the Twelfth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 1, 2000, and the Thirteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of May 25, 2000, and the Fourteenth Amendment to

Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 8, 2000, and the Fifteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of December 15, 2000, and the Sixteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of July 25, 2001, and the Seventeenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of September 21, 2001, and the Eighteenth Amendment to Second Amended and Restated Agreement of Limited Partnership of Vornado Realty L.P., dated as of January 1, 2002 (as so amended and as the same may be further amended, the "AGREEMENT").

WHEREAS, on May 17, 2002, the Partnership, the General Partner, Vornado Crystal Gateway L.P. (the "Transaction Sub"), a Delaware limited partnership and wholly-owned subsidiary of the Partnership, First Gateway Associates Limited Partnership, a Virginia limited partnership ("FIRST GATEWAY"), and Robert H. Smith and Robert P. Kogod, each individually and as a general partner of First Gateway, entered into a Contribution Agreement and Plan of Merger (the "CONTRIBUTION AGREEMENT") pursuant to which the parties agreed to the conveyance of certain property by First Gateway to the Partnership pursuant to the Contribution Agreement and the Second Option Agreement, dated March 10, 1982, by and among First Gateway Associates, Robert H. Smith, Robert P. Kogod and Boston Safe Deposit and Trust Company, as trustee for the Bell System Trust, and assigned to Lucent Technologies Inc. Master Pension Trust as of December 1, 2000 and further assigned to the Partnership as of March 6, 2002, such conveyance to be consummated as either an asset transfer or a merger of the Transaction Sub with and into First Gateway as set forth in the Contribution Agreement (the "TRANSACTION");

WHEREAS, as a condition to the closing of the transactions contemplated by the Contribution Agreement, the General Partner and the Partnership have agreed to amend the Agreement to acknowledge the issuance of the First Gateway Units (as defined below) and to make certain other related changes;

WHEREAS, in connection with the Transaction, the Partnership has agreed to issue 325,728 additional Class A Units (such units, the "FIRST GATEWAY UNITS") to First Gateway for distribution to the holders of partnership interests in First Gateway;

WHEREAS, Section 4.2.A of the Agreement grants the General Partner authority to cause the Partnership to issue interests in the Partnership to a person other than the General Partner in one or more classes or series, with such designations, preferences and relative, participating, optional or other special rights, powers and duties as may be determined by the General Partner in its sole and absolute discretion so long as the issuance does not violate Section 4.2.E of the Agreement;

WHEREAS, the General Partner has determined that the issuance of the First Gateway Units will not violate Section 4.2.E of the Agreement;

WHEREAS, Section 14.1.B of the Agreement grants the General Partner power and authority to amend the Agreement without the consent of any of the Partnership's limited partners if the amendment does not adversely affect or eliminate any right granted to a limited partner pursuant to any of the provisions of the Agreement specified in Section 14.1.C or Section 14.1.D of the Agreement as requiring a particular minimum vote; and

WHEREAS, the General Partner has determined that the amendments effected hereby do not adversely affect or eliminate any of the limited partner rights specified in Section 14.1.C or Section 14.1.D of the Agreement as requiring a particular minimum vote.

NOW, THEREFORE, the General Partner hereby amends the Agreement as follows:

1. Section 4.2 of the Agreement is hereby supplemented by adding the following paragraph to the end thereof:

"U. Issuance of First Gateway Units to First Gateway Unitholders.

(1) In connection with the conveyance of certain property by First Gateway Associates Limited Partnership ("FIRST GATEWAY") to the Partnership on July 1, 2002 pursuant to the Contribution Agreement, dated as of May 17, 2002, by and among the General Partner, the Partnership, Vornado Crystal Gateway L.P., a wholly-owned subsidiary of the Partnership, First Gateway and Robert H. Smith and Robert P. Kogod, each individually and as a general partner of First Gateway, as modified by that certain Letter Agreement, dated June [26], 2002, from the General Partner, the Partnership, Vornado Crystal Gateway L.P. [and Charles E. Smith Commercial Realty L.P., a wholly-owned subsidiary of the Operating Partnership ("CESCR"),] to First Gateway (the "Contribution Agreement"), the Partnership issued 325,728 Class A Units (such Units, the "FIRST GATEWAY UNITS") to First Gateway for distribution to the holders of partnership interests in First Gateway (the "FIRST GATEWAY UNITHOLDERS") as reflected on amended EXHIBIT A attached hereto, subject to and in accordance with the terms of the Contribution Agreement. Notwithstanding any other provision contained in this Agreement, (i) holders from time to time of First Gateway Units shall not participate in any distribution (whether cash, securities or in any other form) constituting a "spin-off" of the Partnership's investment in, or any of the assets of, Alexander's, Inc. or any of its affiliates if the Partnership

Record Date for determining partners entitled to participate therein is on or before July 1, 2002 and (ii) upon the consummation (the "CLOSING TIME") of the transfer by First Gateway of its equity interest, free and clear of all liens or other encumbrances, in a special purpose entity wholly owned by First Gateway, a distribution of First Gateway Units to the holders of partnership interests in First Gateway and the execution of a limited partner acceptance of partnership agreement by each of the holders of the First Gateway Units satisfactory to the General Partner, each of the limited partners of First Gateway listed in the books and records of First Gateway immediately prior to the Closing Time automatically shall be admitted to the Partnership as an Additional Limited Partner, regardless of whether or not such Person has executed this Agreement or a counterpart signature page hereto, and without any further act, approval or vote of any Person. Each such Additional Limited Partner shall, upon such admission, be subject to, and bound by, this Agreement, including, without limitation, all of the terms and conditions of this Agreement and the power of attorney granted in Section 15.11 hereof.

(2) Except as expressly set forth in the third sentence of this subsection (2), holders from time to time of the First Gateway Units shall not be entitled to participate in any distributions in respect of those Units for any period prior to their issuance and, notwithstanding any provisions of Section 5.1.B of this Agreement to the contrary, in the event that the First Gateway Units are issued on or effective as of any date other than the first day of a period to which a distribution is attributable, any distributions to be made to holders of the First Gateway Units in respect of the distribution period in which the date of issuance falls shall be prorated based on the actual number of days in the entire period to which the distribution is attributable and the number of days in the period that the First Gateway Units were outstanding. For clarification, under current practices the Partnership's regular quarterly distributions made during any calendar quarter are attributable to the immediately preceding calendar quarter. If, at any time after the date of issuance of the First Gateway Units, the General Partner declares any distribution in respect of Class A Units other than a regular quarterly distribution (any such distribution, a "SPECIAL DISTRIBUTION"), the Special Distribution is attributable to any period prior to the date of issuance of the First Gateway Units and the Partnership Record Date for determining partners entitled to participate in the distribution is on or after the date of issuance of the First Gateway Units, then the holders of First Gateway Units shall be entitled to participate in that Special Distribution pro rata as if their First Gateway Units had been outstanding for the entire period to which that Special Distribution is attributable.

(3) Section 8.6 of this Agreement is hereby irrevocably modified with respect to all First Gateway Units such that for any redemption of any such Units that will not qualify as either (A) a "block transfer" within the meaning of Regulations Section 1.7704-1(e)(2) or any successor provision or (B) a transfer that falls within the "lack of actual trading" safe harbor available in Regulations Section 1.7704-1(j) or any successor provision (any such redemption, a "NON-QUALIFYING REDEMPTION"), the waiting period applicable to the Limited Partner between the date the Partnership receives a Notice of Redemption for the Limited Partner and the Specified Redemption Date and/or the Valuation Date shall be up to sixty (60) days, as determined by the General Partner in its sole discretion, and the General Partner shall have all requisite power and authority to amend the provisions of Section 8.6 of this Agreement applicable in respect of the First Gateway Units as it deems necessary or appropriate to (x) increase the waiting period between the delivery of a Notice of Redemption and the Specified Redemption Date and/or the Valuation Date to up to sixty (60) days for any Non-Qualifying Redemption and/or (y) implement any other amendment to this Agreement intended to make the redemption and transfer provisions, with respect to certain redemptions and transfers, more similar to the provisions described in Regulations Section 1.7704-1(f). In furtherance of the foregoing, each First Gateway Unitholder appoints the General Partner, any Liquidator and any authorized officers of the General Partner and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, to execute and deliver any amendment referred to in the foregoing sentence on such First Gateway Unitholder's behalf. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the death, incompetency, dissolution, disability, incapacity, bankruptcy or termination of the First Gateway Unitholder as a Limited Partner and shall extend to the heirs, executors, administrators, legal representatives, successors and assigns.

(4) By accepting the First Gateway Units, each First Gateway Unitholder covenants and agrees that it does not and will not while it owns, directly or indirectly, equity interests in the Partnership with an aggregate value equal to or exceeding five (5) percent of the total value of the outstanding equity interests in the Partnership own, either directly or under the attribution rules of Section 318(a) of the Code (as modified by Section 856(d)(5) of the Code and using the principles of Section 7704(d)(3)(B) of the Code in determining when interests owned, directly or under the attribution rules, by a partner in an entity that is treated as a partnership for federal tax purposes are treated as owned by such entity), any equity interests in Vornado Operating Company, Vornado Operating L.P., or any direct or indirect tenant or subtenant of the Partnership or

any of its subsidiaries (Vornado Operating Company, Vornado Operating L.P., or any direct or indirect tenant or subtenant of the Partnership or any of its subsidiaries, collectively, the "VORNADO TENANTS"); PROVIDED that the foregoing covenant shall not be treated as breached by a Limited Partner unless at such time the ownership of equity interests by such Limited Partner in one or more Vornado Tenants would cause either (a) the General Partner to fail to qualify as a REIT for purposes of Section 856 of the Code or (b) the Partnership to be treated as a publicly traded partnership treated as a corporation under Section 7704(a) of the Code. If at any time the Limited Partner would, but for the provisions of this paragraph (4), own both (i) five (5) percent or more (by value) of the outstanding equity interests in the Partnership and (ii) an equity interest in one or more Vornado Tenants in breach of the covenant set forth in the first sentence of this Section 4.2.T.(4) (applied taking into account the proviso in the first sentence of this Section 4.2.T.(4)), then, effective immediately prior to such point in time, the smallest portion of the interests in the Partnership owned (directly or indirectly) by the Limited Partner that is necessary to cause such Limited Partner to be considered to own (directly or indirectly) interests in the Partnership with a value that is not in excess of four and nine tenths (4.9) percent of the value of the Partnership's outstanding equity interests, shall become "EXCESS UNITS". While interests in the Partnership are Excess Units, such interests will be deemed to have been transferred by operation of law to a trust (the "SPECIAL TRUST") for the exclusive benefit of an organization described in Section 501(c)(3) of the Code and designated by the General Partner. The Partnership, as trustee for the Special Trust, shall be entitled to receive all distributions made in respect of Excess Units. Any distributions made in respect of Excess Units prior to the discovery that interests in the Partnership had become Excess Units shall be repaid by the recipients thereof to the Partnership as trustee of the Special Trust. The trustee shall exercise all rights associated with interests in the Partnership that have become Excess Units during the period that such interests are Excess Units. The Partnership shall have the right to transfer the Excess Units held in the Special Trust to any person. The Limited Partner (or its successor) shall be entitled to receive, from the proceeds of such a transfer, an amount not in excess of the lesser of (i) the fair market value of the interests that became Excess Units on the date that they became Excess Units and (ii) the net consideration received by the Partnership for the transfer of the Excess Units after deducting any expenses incurred by the Partnership in connection therewith. Excess Units shall cease to be treated as Excess Units following such a transfer and instead shall have the attributes that existed immediately before becoming Excess Units. In the event that a liquidating distribution is made in respect of Excess Units, the Limited Partner (or its successor) shall be entitled to receive a portion of such distribution not in excess of the fair market value of the interests that became Excess Units on the date that they became Excess Units. The Partnership agrees that, if it becomes aware that partnership interests held by a Limited Partner or any person that owns ten (10) percent or more of the capital stock of the Limited Partner (in the case of a Limited Partner that is a corporation) or twenty five (25) percent or more of the capital or profits interests of a Limited Partner (in the case of a Limited Partner that is treated as a partnership for U.S. federal income tax purposes) have become Excess Units, then it will make commercially reasonable efforts to cause a transfer of such Excess Units as promptly as practicable (PROVIDED, HOWEVER, that it shall not be required to incur any material expense or expend any significant time or manpower in such efforts). The Limited Partner has no liability under this paragraph (4) for damages, monetary or otherwise, as a result of a breach of the covenant under this paragraph (4) other than having its interests become Excess Units under this paragraph (4) and, as a result, being liable to pay over any distribution or other amounts which the Limited Partner receives to which it is not entitled under the Excess Units provisions of this paragraph (4). The General Partner may, in its sole and absolute discretion exercised in good faith, take any commercially reasonable and appropriate actions to enforce the provisions of this paragraph (4).

(6) By accepting the First Gateway Units, each First Gateway Unitholder covenants and agrees that it will not transfer any interest in the Partnership (x) through (i) national, non-U.S., regional, local or other securities exchange, (ii) PORTAL or (iii) an over-the-counter market (including an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise) or (y) to or through (a) a person, such as a broker or dealer, that makes a market in, or regularly quotes prices for, interests in the Partnership or (b) a person that regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to any interests in the Partnership and stands ready to effect transactions at the quoted prices for itself or on behalf of others. The First Gateway Unitholder represents and agrees that it is not, and without the prior consent of the Partnership shall not become, a lender, or person related to a lender within the meaning of Treasury Regulations Section 1.752-2(c), with respect to indebtedness of the Partnership or any of the Partnership's direct or indirect noncorporate subsidiaries.

(5) To the extent that the provisions of Articles 7 and 8 of the Tax Protection Agreement being entered into by the Partnership concurrently with the issuance of the First Gateway Units (and the related definitions in the Tax Protection Agreement and the related Schedules to the Tax Protection Agreement), copies of which are attached hereto as EXHIBIT X, address matters addressed in, and/or provide for rights required to be provided for in Article VI and/or EXHIBIT B

and EXHIBIT C to the Agreement, the referenced portions of the Tax Protection Agreement constitute amendments to Article VI and/or EXHIBIT B and EXHIBIT C to the Agreement, as applicable, insofar as that Article and/or EXHIBIT B and EXHIBIT C apply to the First Gateway Units."

2. EXHIBIT A of the Agreement is hereby deleted and is replaced in its entirety by new EXHIBIT A attached hereto as ATTACHMENT 1.

3. Except as expressly amended hereby, the Agreement shall remain in full force and effect.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the General Partner has executed this Amendment as of the date first written above.

VORNADO REALTY TRUST

By:/s/ Joseph Macnow

Name: Joseph Macnow
Title: Executive Vice President -
Finance and Administration and
Chief Financial Officer

Acknowledged and agreed:

/s/ Robert H. Smith
- --------------------------------
ROBERT H. SMITH, as a General Partner of First Gateway and as a Representative of each of the persons receiving First Gateway Units as described in Section 1 above.

/s/ Robert P. Kogod
- ---------------------------------
ROBERT P. KOGOD, as a General Partner of First Gateway and as a Representative of each of the persons receiving First Gateway Units as described in Section 1 above.

Exhibit 4.2

OFFICERS' CERTIFICATE PURSUANT TO
SECTIONS 102 AND 301 OF THE INDENTURE

Pursuant to Section 301 of the Indenture, dated as of June 24, 2002 (the "Indenture"), between Vornado Realty L.P. (the "Company") and The Bank of New York, as Trustee, the undersigned, the Executive Vice President - Finance and Administration, Chief Financial Officer of Vornado Realty Trust ("Vornado") and a Senior Vice President and the Controller of Vornado, respectively, do each hereby certify on behalf of the Company that pursuant to the unanimous written consent of the Board of Trustees of Vornado, dated February 17, 1998 (the "February 1998 Consent"), and the resolutions adopted at a special meeting of the Pricing Committee of Vornado on June 19, 2002 (the "Pricing Committee Resolutions"), the Pricing Committee resolved to create a series of securities designated the "5.625% Notes due 2007" (the "Notes"), to be issued under the Indenture upon the terms set forth in the Pricing Committee Resolutions attached hereto as Annex A. The terms certified under this paragraph are part of the Indenture and are incorporated by reference in this certificate.

Pursuant to Section 102 of the Indenture, the undersigned certify that they have read and are familiar with the provisions of the Indenture and particularly of Article Three of the Indenture relating to the issuance of the Notes thereunder and the definitions in the Indenture relating thereto; that they are generally familiar with the affairs of the Company and its partnership acts and proceedings; that they have reviewed the February 1998 Consent and the Pricing Committee Resolutions relating to the creation and sale of the Notes, and such other documents as they deem necessary and proper to give the opinion expressed herein; that, in their opinion, they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not the covenants and conditions precedent provided in the Indenture relating to the establishment, authentication and delivery of the Notes have been complied with; and they are of the opinion that all conditions precedent and covenants provided for in the Indenture relating to the authentication and delivery of $500,000,000 aggregate principal amount of the Notes have been complied with.

IN WITNESS WHEREOF, the undersigned have executed this certificate on this 24th day of June, 2002.

/s/ Joseph Macnow
- ----------------------------
Joseph Macnow
Executive Vice President -
Finance and Administration,
Chief Financial Officer

/s/ Ross Morrisson

Ross Morrison
Senior Vice President and
Controller

EXCERPTS FROM THE RESOLUTIONS OF THE PRICING COMMITTEE OF THE BOARD OF TRUSTEES OF VORNADO REALTY TRUST

(...)

FURTHER RESOLVED, that there is hereby approved and established a series of Debt Securities under the Indenture whose terms are as follows:

a. The Securities of such series are known as the "5.625% Notes due 2007" of the Company (the "Notes").

b. The aggregate principal amount of the Security of such series which may be authenticated and delivered under the Indenture is initially limited in aggregate principal amount to U.S.$500,000,000 except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 906, 1107 or 1203 of the Indenture and except for any Notes which, pursuant to Section 303 of the Indenture, are deemed never to have been authenticated and delivered thereunder, PROVIDED that the Company may from time to time, without notice to or the consent of the Holders of the Securities of this series, create and issue further Securities of this series (the "Additional Securities") having the same terms and ranking equally and ratably with the Securities of this series in all respects and with the same CUSIP number as the Securities of this series, or in all respects except for the payment of interest accruing prior to the Issue Date or except for the first payment of interest following the issue date of such Additional Securities. Any Additional Securities will be consolidated and form a single series with the Securities and shall have the same terms as to status, redemption and otherwise as the Securities. Any Additional Securities may be issued pursuant to authorization provided by a resolution of the Board of Trustees of Vornado, a supplement to the Indenture, or under an Officers' Certificate pursuant to the Indenture.

c. The Notes shall be issuable in the form of one or more Global Securities registered in the name of The Depository Trust Company's nominee, and shall be deposited with, or on behalf of, The Depository Trust Company, New York, New York. The Notes may be surrendered for registration of transfer and for exchange at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, The City of New York, or at any other office or agency maintained by the Company for such purpose.

d. The Stated Maturity of the principal of the Notes shall be June 15, 2007.

e. The Notes shall bear interest at the rate of 5.625% per annum from June 24, 2002 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, payable semi-annually on June 15 and December 15 of each year, commencing on December 15, 2002, until the principal thereof is paid or made available for payment, to the Persons in whose name such Notes (or any Predecessor Notes) are registered at the close of business on the Regular Record Date (or in the case of Defaulted Interest, the Special Record Date) next preceding the Interest Payment Date. Each June 15 and December 15 shall be an Interest Payment Date for the Notes, and June 1 and December 1 (whether or not a Business Day), as the case may be, next preceding an Interest Payment Date shall be the Regular Record Date for the interest payable on such Interest Payment Date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

f. The principal of and the interest on the Notes shall be payable at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, The City of New York, as set forth in the form of Note attached hereto as Exhibit A; PROVIDED, HOWEVER, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register and PROVIDED, FURTHER, that if the Note is in the form of a Global Security, payment may be made pursuant to the applicable procedures of the Depositary.

g. The Notes shall be redeemable, in whole or in part, at the option of the Company at any time in accordance with Article Eleven of the Indenture and upon the terms and conditions set forth in the form of Note attached hereto as Exhibit A. Any election by the Company to so redeem the Notes shall be evidenced by a resolution of the Board of Trustees of Vornado or the Committee.

h. The Company shall not be obligated to redeem or purchase any Note pursuant to any sinking fund or analogous provision, or at the option of any Holder thereof.

i. The Notes shall be denominated in U.S. dollars and payments of principal, interest and additional amounts, if any, on the Notes shall be made in U.S. dollars.

j. The Notes shall be defeasible pursuant to Sections 1302 and 1303 of the Indenture, and those Sections shall be applicable in their entirety to the Notes. Any election of the Company to defease the Notes pursuant to Section 1302 or Section 1303 of the Indenture shall be evidenced by a resolution of the Board of Trustees.

k. The Bank of New York is hereby appointed as a Paying Agent and the Security Registrar for the Notes. The Security Register for the Notes will be maintained by the Security Registrar in the Borough of Manhattan, The City of New York.

l. In addition to the covenants set forth in the Indenture, there are established pursuant to Section 301(18) of the Indenture the following covenants for the benefit of the Holders of the Notes and to which the Notes shall be subject:

i. The Company shall not, and shall not permit any Subsidiary to, Incur any Debt, other than Intercompany Debt, if, immediately after giving effect to the Incurrence of the additional Debt and any other Debt, other than Intercompany Debt, Incurred since the end of the period covered by the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Securities and Exchange Commission (the "SEC") prior to the Incurrence of the additional Debt and the application of the net proceeds of the additional Debt and such other Debt, Total Outstanding Debt would exceed 60% of Total Assets, in each case determined as of the end of the period covered by that Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be.

ii. The Company shall not, and shall not permit any Subsidiary to, Incur any Secured Debt, other than Secured Debt that is also Intercompany Debt, if, immediately after giving effect to the Incurrence of the additional Secured Debt and any other Secured Debt, other than Intercompany Debt, Incurred since the end of the period covered by the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC prior to the Incurrence of the additional Secured Debt and the application of the net proceeds of the additional Secured Debt and such other Secured Debt, the aggregate principal amount of all outstanding Secured Debt is greater than 55% of Total Assets determined as of the end of the period covered by that

Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be.

iii. The Company shall not, and shall not permit any Subsidiary to, Incur any Debt, other than Intercompany Debt, if, immediately after giving effect to the Incurrence of the additional Debt, the ratio of Annualized Combined EBITDA for the most recent quarterly period covered by the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC prior to the Incurrence of the additional Debt, to Annualized Interest Expense for that quarter would be less than 1.50 to 1.00 on a pro forma basis after giving effect to the Incurrence of the additional Debt and to the application of the net proceeds therefrom, and calculated on the assumption, without duplication, that:

(a) the additional Debt and any other Debt Incurred by the Company or its Subsidiaries from the first day of that quarter to the date of determination, which was outstanding at the date of determination, had been Incurred at the beginning of that period and continued to be outstanding throughout that period, and the application of the net proceeds of that Debt, including to refinance other Debt, had occurred at the beginning of that period;

(b) the repayment or retirement of any other Debt repaid or retired by the Company or its Subsidiaries from the first day of that quarter to the date of determination occurred at the beginning of that period, except that, in determining the amount of Debt so repaid or retired, the amount of Debt under any revolving credit facility will be computed based upon the average daily balance of that Debt during that period; and

(c) in the case of any acquisition or disposition of any asset or group of assets or the placement of any assets in service or removal of any assets from service by the Company or any of its Subsidiaries from the first day of that quarter to the date of determination, including, without limitation, by merger, or stock or asset purchase or sale, the acquisition, disposition, placement in service or removal from service had occurred as of the first day of that period, with the appropriate adjustments to Annualized Interest Expense with respect to the acquisition, disposition, placement in service or removal from service being included in that pro forma calculation.

iv. The Company and its Subsidiaries shall maintain at all times Unencumbered Assets of not less than 150% of the aggregate principal amount of all outstanding Unsecured Debt of the Company and its Subsidiaries.

"Annualized Combined EBITDA" means, for any quarter, the product of Combined EBITDA for such period of time multiplied by four (4), PROVIDED that any non-recurring item that is an expense will be added back to net income in determining such Combined EBITDA before such multiplication and deducted once from such product, and FURTHER PROVIDED that any non-recurring item that is income will be added to such product once and will not be multiplied by four.

"Annualized Interest Expense" means, for any quarter, the Interest Expense for that quarter multiplied by four (4).

"Another Person's Share" means, in connection with the defined term "Contingent Liabilities of the Company and Subsidiaries", the proportionate portion, based on its direct and indirect ownership interest, of a Person other than the Company or any of its Subsidiaries of the applicable Unconsolidated Joint Venture.

"Combined EBITDA" means, for any period of time, without duplication (1) net income (loss) of the Company and its Consolidated Subsidiaries before deductions for Interest Expense, taxes, depreciation and amortization and other non-cash items deducted in arriving at net income (loss), extraordinary items, non-recurring items as determined in good faith by the Company and minority interest, and excluding gains (losses) on dispositions of depreciable real estate of the Company and its Consolidated Subsidiaries; plus (2) net income before deductions for Interest Expense, taxes, depreciation and amortization and other non-cash items deducted in arriving at net income (loss), extraordinary items, non- recurring items as determined in good faith by the Company, and minority interest and excluding gains (losses) on dispositions of depreciable real estate of Unconsolidated Joint Ventures multiplied by the Company's and its Consolidated Subsidiaries' proportionate portion, based on their direct and indirect ownership interest, of such Unconsolidated Joint Ventures; minus (3) the Company's income (loss) from Unconsolidated Joint Ventures, in each case (1), (2) and (3) for such period as reasonably determined by the Company in accordance with GAAP to the extent GAAP is applicable. Combined EBITDA will be adjusted, without duplication, to give pro forma effect: (x) in the case of any assets having been placed in service or removed from service from the beginning of the period to the date of determination, to include or exclude, as the case may be, any Combined EBITDA earned or eliminated as a result of the placement of such assets in service or removal of such assets from service as if the placement of such assets in service or removal of such assets from service occurred at the beginning of the period; and (y) in the case of any acquisition or disposition of any asset or group of assets from the beginning of the period to the date of determination, including, without limitation, by merger, or stock or asset purchase or sale, to include or exclude, as the case may be, any Combined EBITDA earned or eliminated as a result of the acquisition or disposition of those assets as if the acquisition or disposition occurred at the beginning of the period.

"Consolidated Financial Statements" means, with respect to any Person, collectively, the consolidated financial statements and notes to those financial statements, of that Person and its Consolidated Subsidiaries prepared in accordance with GAAP. For purposes of this definition, if as of any date or for any period actual consolidated financial statements of any Person have not been prepared, then this term will include the books and records of that Person ordinarily used in the preparation of such financial statements.

"Consolidated Subsidiaries" means, collectively, each Subsidiary of the Company that is consolidated in the Consolidated Financial Statements of the Company.

"Contingent Liabilities of the Company and Subsidiaries" means, as of any date, without duplication, those liabilities of the Company and any of its Subsidiaries consisting of indebtedness for borrowed money, as determined in accordance with GAAP, that are or would be stated and quantified as contingent liabilities in the notes to the Consolidated Financial Statements of the Company as of that date; PROVIDED, HOWEVER, that

Contingent Liabilities of the Company and Subsidiaries shall exclude Another Person's Share of Duplicated Obligations.

"Debt" means, as of any date, (1) in the case of the Company, all indebtedness and liabilities for borrowed money, secured or unsecured, of the Company; (2) in the case of the Company's Consolidated Subsidiaries, all indebtedness and liabilities for borrowed money, secured or unsecured, of the Consolidated Subsidiaries, including mortgage and other notes payable but excluding any indebtedness which is secured by cash, cash equivalents or marketable securities or defeased; and (3) Contingent Liabilities of the Company and Subsidiaries, in each case as of that date.

"Duplicated Obligations" means, as of any date, collectively, all those payment guaranties in respect of indebtedness and other liabilities, secured or unsecured, of Unconsolidated Joint Ventures, including mortgage and other notes payable for which the Company or any of its Subsidiaries, on one hand, and another Person or Persons, on the other hand, are jointly and severally liable.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"Incur" means, with respect to any Debt or other obligation of any Person, to create, assume, guarantee or otherwise become liable in respect of the Debt or other obligation, and "Incurrence" and "Incurred" have the meanings correlative to the foregoing.

"Intercompany Debt" means, as of any date, Debt to which the only parties are Vornado Realty Trust, the Company, or any Subsidiary of either of them as of that date and which, in the case of an event of default under this Security, is subordinated in right of payment to this Security.

"Interest Expense" means, for any period of time, the consolidated interest expense for such period of time, whether paid, accrued or capitalized, without deduction of consolidated interest income, of the Company and its Consolidated Subsidiaries, including, without limitation or duplication, or, to the extent not so included, with the addition of: (1) the portion of any rental obligation in respect of any capital lease obligation allocable to interest expense in accordance with GAAP; (2) the amortization of Debt discounts; and (3) the interest expense and items listed in clauses (1) and (2) above applicable to each of the Unconsolidated Joint Ventures, to the extent not included above, multiplied by the Company's respective direct and indirect ownership interests in the Unconsolidated Joint Ventures, in all cases as reflected in the applicable Consolidated Financial Statements.

"Lien" means, without duplication, any mortgage, trust deed, deed of trust, deeds to secure Debt, pledge, security interest, assignment for collateral purposes, deposit arrangement, or other security agreement, excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and any other like agreement granting or conveying a security interest.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company, governmental authority or other entity of whatever nature. For the purposes of this definition, "governmental authority" means any nation or government, any state or other political subdivision of any state, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Secured Debt" means, as of any date, that portion of Total Outstanding Debt as of that date that is secured by a Lien on real property, securities or intangible assets of the Company, the Consolidated Subsidiaries of the Company or the Unconsolidated Joint Ventures.

"Subsidiary" means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other entity, fifty percent (50%) or more of the outstanding voting stock, partnership interests or membership interests, as the case may be, of which is owned, directly or indirectly, by that Person or by one or more other Subsidiaries of that Person and over which that Person or one or more other Subsidiaries of that Person exercise sole control. For the purposes of this definition, "voting stock" means stock having voting power for the election of directors or trustees, as the case may be, whether at all times or only so long as no senior class of stock has voting power for the election of directors or trustees by reason of any contingency, and "control" means the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Total Assets" means, with respect to any Incurrence of Debt or Secured Debt, as of any date, the sum of (1) Combined EBITDA for the most recent quarterly period covered by the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC prior to such date, annualized (I.E., multiplied by four (4)), and capitalized at a rate of 9.0%, (2) cash, cash equivalents and marketable securities of the Company and its Consolidated Subsidiaries other than restricted cash, cash equivalents and marketable securities pledged to secure Debt, determined in accordance with GAAP, (3) the Company's proportionate portion, based on its direct and indirect ownership interest, of cash, cash equivalents and marketable securities of Unconsolidated Joint Ventures as of such date, determined in accordance with GAAP, (4) without duplication, the cost basis of properties of the Company and its Consolidated Subsidiaries that are under construction as of the end of the quarterly period used for purposes of clause (1) above and the Company's proportionate share of the cost basis of properties of its Unconsolidated Joint Ventures that are under construction as of the end of the quarterly period used for purposes of clause (1) above, in each case as determined by the Company, and (5) without duplication, the proceeds of the Debt or Secured Debt or the assets to be acquired in exchange for such proceeds, as the case may be, other than Intercompany Debt, Incurred from the end of the period covered by the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC prior to the Incurrence of the Debt or Secured Debt, as the case may be, to the date of determination.

"Total Outstanding Debt" means, as of any date, the sum, without duplication, of (1) the aggregate principal amount of all outstanding Debt of the Company as of that date; (2) the aggregate principal amount of all outstanding Debt of the Company's Consolidated Subsidiaries, all as of that date; and (3) the sum of the aggregate principal amount of all Unconsolidated Joint Venture Outstanding Debt of each of the Unconsolidated Joint Ventures multiplied by the Company's respective proportionate portion, based on its direct and indirect ownership interest, in such Unconsolidated Joint Venture as of that date. For the purposes of this definition, "Unconsolidated Joint Venture Outstanding Debt" means, as of any date, the aggregate principal amount of all outstanding indebtedness and liabilities for borrowed money, secured or unsecured, of the applicable Unconsolidated Joint Venture, including mortgage and other notes payable but excluding any indebtedness which is secured by cash, cash equivalents or marketable securities, all as reflected in the Consolidated Financial Statements of such Unconsolidated Joint Venture as of such date.

"Unconsolidated Joint Ventures" means the unconsolidated joint ventures and partially owned entities in which the Company owns a beneficial interest and which are accounted for under the equity method in the Consolidated Financial Statements of the Company. Unconsolidated Joint Ventures excludes Prime Group Realty L.P. and any other unconsolidated joint venture designated from time to time by the Board of Trustees of Vornado Realty Trust as excluded from Unconsolidated Joint Ventures for purposes of these definitions so long as neither the Company nor any of its Consolidated Subsidiaries is an obligor on any indebtedness of that unconsolidated joint venture.

"Unencumbered Annualized Combined EBITDA" means, for any quarter, Unencumbered Combined EBITDA for that quarter multiplied by four (4).

"Unencumbered Assets" means, as of any date, the sum of (1) Unencumbered Annualized Combined EBITDA for the most recent quarterly period covered by the Company's Annual Report on Form 10- K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC prior to such date, and capitalized at a rate of 9.0%, (2) cash, cash equivalents and marketable securities of the Company and its Consolidated Subsidiaries as of such time, other than restricted cash, cash equivalents and marketable securities pledged to secure Debt, determined in accordance with GAAP, (3) the Company's proportionate portion, based on its direct and indirect ownership interest, of cash, cash equivalents and marketable securities of Unconsolidated Joint Ventures as of such time, other than restricted cash, cash equivalents and marketable securities pledged to secure Debt, determined in accordance with GAAP, (4) without duplication, the cost basis of properties of the Company and its Consolidated Subsidiaries and the Company's proportionate share of the cost basis of properties of its Unconsolidated Joint Ventures that are under construction as of the end of the quarterly period used for purposes of clause (1) above, in each case as determined by the Company, except in each case any properties that are pledged to secure Debt, and (5) without duplication, the proceeds of any Debt, other than Intercompany Debt, Incurred from the end of the period covered by the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC prior to such date, or the assets to be acquired in exchange for such proceeds, except in each case any proceeds or assets that are pledged in respect of Secured Debt.

"Unencumbered Combined EBITDA" means, for any quarter, Combined EBITDA for the most recent quarterly period covered by the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC prior to the time of determination less any portion thereof attributable to assets serving as collateral for Secured Debt, as determined in good faith by the Company.

"Unsecured Debt" means, as of any date, that portion of Total Outstanding Debt as of that date that is neither Secured Debt nor Contingent Liabilities of the Company and Subsidiaries.

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