

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

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

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND  
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

**Vornado Realty Trust**  
(Name of Issuer)

**Common Shares of Beneficial Interest, \$0.04 par value per share**  
(Title of Class of Securities)

**929042109**  
(CUSIP Number)

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

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

October 31, 2002  
(Date of Event which Requires Filing of this Statement)

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

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

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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

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Exhibit Index Appears on Page 8

SEC 1746(03-00)

**SCHEDULE 13D**

<b>1</b>	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) <b>Michael D. Fascitelli</b>	
<b>2</b>	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	(a) [ ] (b) [X]
<b>3</b>	SEC USE ONLY	
<b>4</b>	SOURCE OF FUNDS (SEE INSTRUCTIONS) <b>OO</b>	
<b>5</b>	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[ ]
<b>6</b>	CITIZENSHIP OR PLACE OF ORGANIZATION <b>United States</b>	
<b>NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH</b>	<b>7</b>	SOLE VOTING POWER <b>7,234,106*</b>
	<b>8</b>	SHARED VOTING POWER
	<b>9</b>	SOLE DISPOSITIVE POWER <b>7,234,106*</b>
	<b>10</b>	SHARED DISPOSITIVE POWER
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>7,234,106</b>	
<b>12</b>	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	[ ]
<b>13</b>	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) <b>6.3%</b>	
<b>14</b>	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) <b>IN</b>	

\* Includes 1,546,106 Common Shares of Beneficial Interest, par value \$0.04 per share ("Common Shares"), of Vornado Realty Trust (the "Company") held in an irrevocable "rabbi" trust for the benefit of Mr. Fascitelli. 919,540 of these Common Shares have vested, and 626,566 of these Common Shares will vest on December 31, 2002. Although these shares have been issued, Mr. Fascitelli does not have the right to vote or dispose of these Common Shares so long as they are held in such trust. If Mr. Fascitelli terminates his employment with the Company at any time, with respect to such 919,540 Common Shares, or after December 31, 2002, with respect to such 626,566 Common Shares, such trust will distribute these shares to Mr. Fascitelli, at which time he will acquire voting and dispositive power over them.

**Item 1. Security and Issuer.**

The class of equity securities to which this Statement relates is Common Shares of Vornado Realty Trust, a Maryland real estate investment trust. The principal executive offices of the Company are located at 888 Seventh Avenue, New York, New York, 10019.

**Item 2. Identity and Background.**

(a) The person filing this statement is Michael D. Fascitelli.

(b) Mr. Fascitelli's business address is 888 Seventh Avenue, New York, New York, 10019.

(c) Mr. Fascitelli's principal occupation is as President of the Company and a member of its Board of Trustees, as President and a director of Vornado Operating Company ("Vornado Operating") and as President and a director of Alexander's, Inc. ("Alexander's"). The Company is located at 888 Seventh Avenue, New York, New York, 10019. The Company's and Alexander's principal businesses are leasing, managing and developing real estate. Vornado Operating operates businesses conducted at properties it leases from the Company.

(d) - (e) During the last five years, Mr. Fascitelli has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws.

(f) Mr. Fascitelli is a United States citizen.

**Item 3. Source and Amount of Funds or Other Consideration.**

Mr. Fascitelli received all of his rights to Common Shares in connection with his employment by the Company. See Sections 5 and 6 below for further discussion of the grants and agreements giving rise to the rights of Mr. Fascitelli to Common Shares.

**Item 4. Purpose of Transaction.**

Mr. Fascitelli holds his rights to Common Shares for investment purposes. Mr. Fascitelli may, subject to market conditions and his assessment of business prospects of the Company, acquire Common Shares from time to time, through open market and/or privately negotiated transactions, as he may determine in his discretion. In addition, Mr. Fascitelli may acquire Common Shares through awards under the Company's 2002 Omnibus Shares Plan, in each case subject to the applicable transfer and ownership restrictions in the Amended and Restated Declaration of Trust of the Company. Mr. Fascitelli may also determine at any time to exercise his vested options to purchase Common Shares or dispose of Common Shares.

Other than discussed above, Mr. Fascitelli currently has no plans to effect any of the transactions required to be described in Item 4 of Schedule 13D.

**Item 5. Interest in Securities of the Issuer.**

(a)-(b) The Company has granted periodically to Mr. Fascitelli options to purchase Common Shares pursuant to the Company's 1993 Omnibus Share Plan, and may grant in the future options to purchase Common Shares pursuant to the Company's 2002 Omnibus Share Plan, as compensation for his services as President of the Company. As a result of such option grants and the

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vesting thereof, as of October 31, 2002 Mr. Fascitelli is deemed to beneficially own 5,688,000 Common Shares and will be deemed to beneficially own an additional 255,000 in November 2002 as well as an additional 462,000 Common Shares in January 2003, such dates being 60 days prior to the vesting of the options relating to the 255,000 and 462,000 Common Shares, respectively.

Pursuant to the Employment Agreement, dated as of December 2, 1996 (the "Employment Agreement"), by and between the Company and Mr. Fascitelli, attached hereto as Exhibit 1, and the Employment Agreement, dated as of March 8, 2002 (the "Amended Employment Agreement"), by and between the Company and Mr. Fascitelli, attached hereto as Exhibit 5, which amends and restates the Employment Agreement, the Company has issued to an irrevocable "rabbi" trust an aggregate of 1,546,106 Common Shares for the benefit of Mr. Fascitelli. So long as such Common Shares are held in such trust for the benefit of Mr. Fascitelli, he is unable to dispose of or vote such Common Shares. If Mr. Fascitelli terminates his employment with the Company at any time, with respect to the 919,540 Common Shares issued to such trust in connection with the Employment Agreement, or after December 31, 2002, with respect to the 626,566 Common Shares issued to such trust in connection with the Amended Employment Agreement, such trust will distribute these shares to Mr. Fascitelli, at which time he will acquire voting and dispositive power over them. These 1,546,106 Common Shares are included in the 7,234,106 Common Shares referenced above.

On October 31, 2002, Mr. Fascitelli directly beneficially owned an aggregate of 7,234,106 Common Shares or 6.3% of the outstanding Common Shares, based on 108,396,383 outstanding Common Shares. Subject to the restrictions imposed by the agreements entered into by Mr. Fascitelli and/or the Company in connection with his employment (each of which is further described in Item 6 hereof), Mr. Fascitelli has the sole power to vote or to direct the vote and to dispose or to direct the disposition of the Common Shares deemed to be beneficially owned by him.

(c) Mr. Fascitelli has not engaged in any transactions in the past 60 days.

(d) Not applicable.

(e) Not applicable.

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

Pursuant to the terms of the Employment Agreement and the Convertible Units Agreement, dated as of December 2, 1996 (the "Convertible Units Agreement"), by and between Mr. Fascitelli and the Company, attached hereto as Exhibit 2, Mr. Fascitelli was entitled to receive a deferred payment to be paid, at the option of the Company, in 919,540 Common Shares or an equivalent value in cash. Under the terms of the Employment Agreement and the Convertible Units Agreement, the Company was to make such payment to Mr. Fascitelli on the earlier of the termination of his employment with the Company or November 30, 2001. In accordance with the terms of the Employment Agreement, in 1998 the Company filed a registration statement relating to 3,500,000 Common Shares underlying the options granted to Mr. Fascitelli pursuant to the Employment Agreement and the 919,540 Common Shares. As of June 7, 2001, the Company and Mr. Fascitelli entered into the First Amendment to Convertible Units Agreement (the "First Amendment to Convertible Units Agreement"), attached hereto as Exhibit 3, which extended such payment date to the earlier of the termination of his employment with the Company or November 30, 2004. As of October 31, 2002, effective as of December 14, 2001, the Convertible Units Agreement was further amended by Mr. Fascitelli and the

Company (the "Second Amendment to Convertible Units Agreement"), which amendment is attached hereto as Exhibit 4, to provide that any payment to Mr. Fascitelli pursuant to the Convertible Units Agreement, as amended, is to be made solely in Common Shares, unless Mr. Fascitelli exceeds certain ownership limitations set forth in the Amended and Restated Declaration of Trust of the Company, in which case, any payments made pursuant to the Convertible Units Agreement, as amended, will be made in cash. Mr. Fascitelli's rights to such 919,540 Common Shares have vested.

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On March 8, 2002, effective as of January 1, 2002, the Company and Mr. Fascitelli entered into the Amended Employment Agreement. In connection therewith, the Company and Mr. Fascitelli also entered into the 2002 Units Agreement, dated as of March 8, 2002 (the "2002 Units Agreement"), which is attached hereto as Exhibit 7. Pursuant to the terms of the Amended Employment Agreement and the 2002 Units Agreement, after Mr. Fascitelli's rights vest on December 31, 2002, he is entitled to receive 626,566 Common Shares upon the earlier of the termination of his employment with the Company or December 31, 2006. The terms of the 2002 Units Agreement provide that any payment to Mr. Fascitelli pursuant to the 2002 Units Agreement is to be made solely in Common Shares. As of October 31, 2002, effective as of March 8, 2002, the Company and Mr. Fascitelli amended the Amended Employment Agreement (the "First Amendment to Amended Employment Agreement"), which amendment is attached hereto as Exhibit 6, and the 2002 Units Agreement ("First Amendment to 2002 Units Agreement"), which amendment is attached hereto as Exhibit 8. The First Amendment to 2002 Units Agreement provides that if Mr. Fascitelli exceeds certain ownership limitations set forth in the Amended and Restated Declaration of Trust of the Company, then any payments made pursuant to the 2002 Units Agreement will be made in cash. In addition, as of October 31, 2002, the Company and Mr. Fascitelli entered into the First Amendment to Registration Agreement (the "First Amendment to Registration Agreement"), attached hereto as Exhibit 9, amending Exhibit B of the Employment Agreement which sets forth the terms under which Vornado must register Common Shares held by Mr. Fascitelli. The First Amendment to Registration Agreement provides, among other things, that the Company must file a registration statement relating to the 626,566 Common Shares.

Pursuant to the terms of the Employment Agreement and Amended Employment Agreement, the 919,540 Common Shares Mr. Fascitelli is entitled to pursuant to the Convertible Units Agreement, as amended, and the 626,566 Common Shares Mr. Fascitelli is entitled to pursuant to the 2002 Units Agreement, as amended, are held, until the respective payment thereof, in an irrevocable "rabbi" trust, established pursuant to the Trust Agreement, dated as of December 2, 1996 (the "Trust Agreement"), as amended on September 17, 2002 (the "First Amendment to Trust Agreement"), by and between the Company and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), a New York banking corporation, attached hereto as Exhibits 10 and 11, respectively, for the benefit of Mr. Fascitelli. Pursuant to the terms of the Trust Agreement, JP Morgan Chase Bank, as trustee of the irrevocable "rabbi" trust, has the sole power to vote or to direct the vote and to dispose or to direct the disposition of the Common Shares so long as they are held by such trust.

The foregoing summary of the Employment Agreement, the Convertible Units Agreement, the First Amendment to Convertible Units Agreement, the Second Amendment to Convertible Units Agreement, the Amended Employment Agreement, the First Amendment to Amended Employment Agreement, the 2002 Units Agreement, the First Amendment to 2002 Units Agreement, the First Amendment to Registration Agreement, the Trust Agreement and the First Amendment to Trust Agreement, are qualified in their entirety by reference to Exhibits 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11, respectively, which are attached hereto.

In addition to the foregoing agreements, Mr. Fascitelli and Steven Roth, the Company's Chairman and Chief Executive Officer, and Interstate Properties, a New Jersey general partnership for which Mr. Roth serves as managing general partner and a beneficial owner of more than 5% of the outstanding Common Shares, who collectively beneficially own, as of October 31, 2002, Common Shares representing 18.8% of the outstanding Common Shares, entered into an agreement with Robert H. Smith, a member of the Company's Board of Trustees and Chairman of the Charles E. Smith Commercial Division of the Company, and Robert P. Kogod, a member of the Company's Board of Trustees, and Charles E. Smith Commercial Realty L.L.C., dated as of December 31, 2001 (the "Voting Agreement"), in connection with the merger of Charles E. Smith Commercial Realty L.P. with and into a subsidiary of the Company, which was consummated on January 1, 2002. Pursuant to the Voting Agreement, Mr. Fascitelli, Mr. Roth and Interstate Properties are obligated to vote all of the Common Shares which they own (or over which they exercise voting control) in favor of the election of Messrs. Kogod and Smith (or their permitted designees) to the Company's Board of Trustees until the earlier to occur of (i) January 1, 2008 or (ii) the date on which, under the terms of the merger agreement for the merger referenced above, none of Mr. Smith, Mr. Kogod or their respective designees is entitled to be nominated for election to the

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Board of Trustees. Under the terms of such merger agreement, upon the death of Mr. Smith, the Smith family will no longer have the right to designate a nominee for election to the Board of Trustees, and upon the death of Mr. Kogod, the Kogod family will no longer have the right to designate a nominee for election to the Board of Trustees, provided that, upon the deaths of both Mr. Smith and Mr. Kogod, the Smith and Kogod families will have the right jointly to appoint one designee approved by the Company to complete any unexpired term and to be nominated for election as a trustee for the remaining six-year period that Mr. Smith and Mr. Kogod would have been entitled to be nominated for election to the Board of Trustees. Furthermore, if the members of the Smith family or the Kogod family and their permitted transferees beneficially own less than 75% in number of the Class A Units of limited partnership interest of Vornado Realty L.P. issued to such family in the merger, the Company will no longer be obligated to provide Mr. Smith or Mr. Kogod, respectively, or their designees, the rights described above. Upon the termination of such rights, the obligations of Mr. Fascitelli, Mr. Roth and Interstate under the voting agreement shall terminate.

The foregoing is qualified in its entirety by reference to the Voting Agreement attached hereto as Exhibit 12.

**Item 7. Material to be Filed as Exhibits.**

- Exhibit 1 Employment Agreement (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 001- 11954), filed March 13, 1997)
- Exhibit 2 Convertible Units Agreement (incorporated by reference to Exhibit E of the Employment Agreement filed as Exhibit 1 hereto)
- Exhibit 3 First Amendment to Convertible Units Agreement
- Exhibit 4 Second Amendment to Convertible Units Agreement
- Exhibit 5 Amended Employment Agreement (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (File No. 001-11954), filed May 1, 2002)
- Exhibit 6 First Amendment to Amended Employment Agreement
- Exhibit 7 2002 Units Agreement
- Exhibit 8 First Amendment to 2002 Units Agreement
- Exhibit 9 First Amendment to Registration Agreement
- Exhibit 10 Trust Agreement
- Exhibit 11 First Amendment to Trust Agreement
- Exhibit 12 Voting Agreement, dated as of December 31, 2001, by and among Interstate Properties, Steven Roth, Michael D. Fascitelli, Robert H. Smith, Robert P. Kogod and Charles E. Smith Commercial Realty L.P. (incorporated by reference to Amendment No. 2 to the Schedule 13D for Interstate Properties filed May 30, 2002)

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**SIGNATURE**

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

DATED: November 8, 2002

By: /s/ Michael D. Fascitelli

\_\_\_\_\_  
Name: Michael D. Fascitelli  
Title: President

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**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
1	Employment Agreement (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 001-11954), filed March 13, 1997)
2	Convertible Units Agreement (incorporated by reference to Exhibit E of the Employment Agreement filed as Exhibit 1 hereto)
3	First Amendment to Convertible Units Agreement
4	Second Amendment to Convertible Units Agreement
5	Amended Employment Agreement (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (File No. 001-11954), filed May 1, 2002)

- 6 First Amendment to Amended Employment Agreement
- 7 2002 Units Agreement
- 8 First Amendment to 2002 Units Agreement
- 9 First Amendment to Registration Agreement
- 10 Trust Agreement
- 11 First Amendment to Trust Agreement
- 12 Voting Agreement, dated as of December 31, 2001, by and among Interstate Properties, Steven Roth, Michael D. Fascitelli, Robert H. Smith, Robert P. Kogod and Charles E. Smith Commercial Realty L.P. (incorporated by reference to Amendment No. 2 to the Schedule 13D for Interstate Properties filed May 30, 2002)

FIRST AMENDMENT  
TO THE  
CONVERTIBLE UNITS AGREEMENT

THIS FIRST AMENDMENT AGREEMENT, dated as of June 7, 2001, is made by and between Vornado Realty Trust, a Maryland real estate investment trust, with its principal offices at 888 Seventh Avenue, New York, New York 10019 (the "Company") and Michael D. Fascitelli (the "Executive").

WHEREAS, the Executive and the Company have entered into a Convertible Units Agreement, dated as of December 2, 1996 (the "Convertible Units"), pursuant to which the Executive received the number of units set forth therein, with each unit representing a share of beneficial interest in the Company (the "Units"); and

WHEREAS, the Company desires to defer the payment date of the Units until November 30, 2004; provided, however, that if the Executive and the Company enter into a new employment agreement, or amend or extend the Executive's existing employment agreement, within one year after June 7, 2001, the deferral of the compensation shall be extended until the last day of the stated term of employment set forth therein (without regard to any extensions thereof), and the Executive is willing to agree to such deferral; and

WHEREAS, the Company's Board of Directors has specifically approved such extension, and the terms and provisions of this FIRST AMENDMENT AGREEMENT and the Convertible Units Agreement, as amended hereby.

NOW THEREFORE, the Company and the Executive agree as follows:

1. Effective on the date hereof, the first sentence of Section 6 of the Convertible Units Agreement shall be amended to read as follows:

"The aggregate value of the Units shall be paid out to Executive as of the first to occur of (i) Executive's termination of employment with the Company for any reason, or (ii) the later to occur of (a) November 30, 2004, or (b) the last day of the stated term of employment (without regard to any extensions thereof) under any (A) new employment agreement entered into between the Executive and the Company within one year after June 7, 2001, or (B) amendment or extension, entered into or effected within one year after June 7, 2001, of the existing employment agreement, dated as of December 2, 1996, by and between the Executive and the Company (the "Payment Date")."

2. Except as set forth above, all other terms and provisions of the Convertible Units Agreement, as in effect immediately prior to the date hereof, remain unchanged and applicable to the Company and the Executive.

3. This FIRST AMENDMENT AGREEMENT may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this FIRST AMENDMENT AGREEMENT on the date first above written.

VORNADO REALTY TRUST

By: /s/ Steven Roth

\_\_\_\_\_  
Name: Steven Roth  
Title: Chairman of the Board and  
Chief Executive Officer

/s/ Michael D. Fascitelli

\_\_\_\_\_  
Michael D. Fascitelli





SECOND AMENDMENT  
TO  
CONVERTIBLE UNITS AGREEMENT

THIS AGREEMENT, dated as of October 31, 2002, is made by and between Vornado Realty Trust, a Maryland real estate investment trust, with its principal offices at 888 Seventh Avenue, New York, New York 10019 (the "Company") and Michael D. Fascitelli (the "Executive").

WHEREAS, Executive and the Company have entered into a Convertible Units Agreement, dated as of December 2, 1996 (the "Convertible Units Agreement"), pursuant to which the terms of the 459,770 units (the "Units") representing an equal number of common shares of beneficial interest of the Company, par value \$.04 per share ("Common Stock"), granted to Executive were set forth; and

WHEREAS, the Executive and the Company have amended the Convertible Units Agreement, in the First Amendment thereof, pursuant to an Agreement dated as of June 7, 2001; and

WHEREAS, the Company and Executive desire to amend the Convertible Units Agreement with respect to (i) the form of payment of the Units; (ii) the limitations on payment in shares of Common Stock under the Company's Amended and Restated Declaration of Trust (the "Declaration"); and (iii) certain representations of the Company relating to the Declaration.

NOW, THEREFORE, the Company and Executive agree as follows:

1. Effective as of December 14, 2001, Section 6(d) of the Convertible Units Agreement is amended in its entirety to read as follows:

"(d) The payment with respect to the Units, as adjusted hereunder, shall be made solely in shares of Common Stock; provided, that in the absence of shareholder approval the Company shall not deliver to Executive under this Agreement newly-issued shares of Common Stock in violation of any listing requirement of the New York Stock Exchange (the "NYSE") and provided further that this shall not reduce the obligation of the Company to pay Executive the amounts set forth in this Agreement. In determining the number of actual shares to be delivered to Executive to satisfy the Company's payment obligation under this Section 6, the amount of such aggregate payment shall be divided by the fair market value of one share of Common Stock on the date of actual delivery of the shares, and not the Payment Date. Shares of Common Stock to be delivered shall be deposited in an account designated by Executive and maintained at a brokerage house selected by Executive. The shares of Common Stock shall be duly authorized, fully paid and non-assessable shares, listed with the NYSE and

registered on the Company Registration Statement. Notwithstanding anything herein to the contrary, the Company shall not pay all or any part of the value of the Units to Executive in the form of shares of Common Stock to the extent that to do so would, or would be reasonably likely to, result in any of such Common Stock issued to Executive being void under the Amended and Restated Declaration of Trust of the Company (the "Declaration") or classified as or exchanged for Excess Stock (as such term is defined in the Declaration). To the extent that the operation of this Section 6(d) precludes Executive from receiving payment of all or a part of the Units in Common Stock, the Company shall instead pay Executive the fair market value of each share of Common Stock represented by any such Units in cash by same day wire transfer to an account designated by Executive. Payment by the Company with respect to the Units shall be made not later than seven (7) business days following the applicable Payment Date."

2. Effective as of March 8, 2002, Section 7 of the Convertible Units Agreement is amended by amending the last sentence thereof to read as follows:

"If (i) Executive does not Beneficially Own (as such term is defined in the Declaration), after December 2, 1996 come to Beneficially Own, Constructively Own (as such term is defined in the Declaration), or after December 2, 1996 come to Constructively Own Common Equity Stock (as such term is defined in the Declaration) of the Company other than Common Stock received by Executive pursuant to this Agreement, Common Stock or share options to purchase Common Stock transferred or granted to Executive by the Company as compensation, as well as Common Stock owned by Executive with respect to which Executive has provided prior written notice to the Company, and (ii) Executive complies with the requirements for Existing Constructive Holder status set forth in the Declaration at all times, if any, that Executive Constructively Owns in excess of 9.9 percent of the Company's outstanding Common Equity Stock, the Company represents and warrants that no shares of Common Stock issued or to be issued under this Agreement shall be voided under the Declaration or classified as or exchanged for Excess Stock and that Executive shall have shareholder rights at all times in respect of such Common Stock to the fullest extent provided for in the Declaration, the Amended and Restated By-Laws of the Company and Maryland law."

3. Except as set forth above, all other terms and provisions of the Convertible Units Agreement, as in effect immediately prior to the date hereof, remain unchanged and applicable to the Company and Executive.

4. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

VORNADO REALTY TRUST

By: /s/ Steven Roth

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Name: Steven Roth  
Title: Chairman of the Board and  
Chief Executive Officer

/s/ Michael D. Fascitelli

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Michael D. Fascitelli

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FIRST AMENDMENT  
TO  
EMPLOYMENT AGREEMENT

THIS AGREEMENT, dated as of October 31, 2002, is made by and between Vornado Realty Trust, a Maryland real estate investment trust, with its principal offices at 888 Seventh Avenue, New York, New York 10019 (the "Company") and Michael D. Fascitelli (the "Executive").

WHEREAS, Executive and the Company have entered into an Employment Agreement, dated as of March 8, 2002 (the "Employment Agreement"), pursuant to which the terms and conditions of Executive's employment with the Company were set forth; and

WHEREAS, the Company and Executive desire to amend the Employment Agreement with respect to certain representations of the Company relating to the Company's Amended and Restated Declaration of Trust.

NOW, THEREFORE, the Company and Executive agree as follows:

1. Effective as of March 8, 2002, Section 23 of the Employment Agreement shall be amended in its entirety to read as follows:

"23. Acknowledgment. The Company hereby agrees to perform its obligations under Section 5(b) of the 2002 Units Agreement, Section 6(d) of the Convertible Units Agreement and Section 23 of the Company Share Option Agreement, and shall use its best efforts to cause Alexander's to perform its obligations under Section 21 of the Alexander's Stock Option Agreement."

2. Effective as of March 8, 2002, Section 24 of the Employment Agreement shall be amended in its entirety to read as follows:

"24. REIT Representations and Warranty. The Company hereby represents and warrants to Executive that, if Executive (1) does not (x) Beneficially Own (as such term is defined in the Amended and Restated Declaration of Trust of the Company (the "Declaration"), after December 2, 1996 come to Beneficially Own, Constructively Own (as such term is defined in the Declaration) or after December 2, 1996 come to Constructively Own Common Equity Stock (as such term is defined in the Declaration) of the Company other than Company Stock received by Executive pursuant to this Agreement, Company Stock or share options to purchase Company Stock transferred or granted to Executive by the Company as compensation, as well as Company Stock owned by Executive with respect to which Executive has provided prior written notice to the Company, or (y) Beneficially Own (as such term is defined in the Amended and Restated Certificate of Incorporation of Alexander's, Inc.

(the "Certificate"), after December 2, 1996 come to Beneficially Own, Constructively Own (as such term is defined in the Certificate) or after December 2, 1996 come to Constructively Own Alexander's Stock other than (i) Alexander's Stock received by Executive pursuant to the terms of the Alexander's Stock Option Agreement, (ii) Alexander's Stock or share options to purchase Alexander's Stock transferred or granted to Executive by Alexander's as compensation, (iii) Alexander's Stock owned by Executive with respect to which Executive has provided prior written notice to Alexander's or (iv) Alexander's Stock Beneficially Owned or Constructively Owned as a result of Executive's receipt of Company Stock pursuant to this Agreement, Company Stock or share options to purchase Company Stock transferred or granted to Executive by the Company as compensation, as well as Company Stock owned by Executive with respect to which Executive has provided prior written notice to the Company, (2) complies with the requirements for Existing Constructive Holder status set forth in the Declaration at all times, if any, that Executive Constructively Owns in excess of 9.9 percent of the Company's outstanding Common Equity Stock, and (3) complies with the requirements for Existing Constructive Holder status set forth in the Certificate at all times, if any, that Executive Constructively Owns in excess of 9.9 percent of the Alexander's Stock, (a) any and all issuances or transfers of shares of Company Stock to Executive under the Company Share Option Agreement, the Convertible Units Agreement or the 2002 Units Agreement shall not be voided pursuant to the Declaration and shall not result in (i) the receipt by Executive of shares classified as or exchanged for Excess Stock (as defined in the Declaration) or (ii) Executive not acquiring shareholder rights at all times under such shares of the Company Stock to the fullest extent provided for in the Declaration, the Amended and Restated By-Laws of the Company and Maryland law, and (b) any and all issuances or transfers of shares of Alexander's Stock to Executive under the Alexander's Stock Option Agreement shall not be void under the Certificate and shall not result in (i) the receipt by Executive of Excess Stock (as defined in the Certificate) or (ii) Executive not acquiring stockholder rights under such shares of Alexander's Stock to the fullest extent provided for in the Certificate, the Amended and Restated By-Laws of Alexander's, Inc., and Delaware law."

3. Except as set forth above, all other terms and provisions of the Employment Agreement, as in effect immediately prior to the date hereof remain unchanged and applicable to the Company and Executive.

4. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

VORNADO REALTY TRUST

By: /s/ Steven Roth

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Name: Steven Roth  
Title: Chairman of the Board and  
Chief Executive Officer

/s/ Michael D. Fascitelli

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Michael D. Fascitelli

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2002 UNITS AGREEMENT

AGREEMENT, dated as of March 8, 2002, by and between Vornado Realty Trust, a Maryland real estate investment trust with its principal offices at 888 Seventh Avenue, New York, New York 10019 (the "Company") and Michael D. Fascitelli ("Executive").

WHEREAS, the Company and Executive have entered into an agreement (the "Employment Agreement"), dated as of March 8, 2002, pursuant to which Executive will serve as President of the Company, on the terms and conditions set forth and described therein; and

WHEREAS, pursuant to the Employment Agreement the Company has agreed to grant to Executive an aggregate of 626,566 units (the "Units") representing an equal number of common shares of beneficial interest of the Company, par value \$.04 per share ("Common Stock"), on the terms set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Employment Agreement, unless otherwise indicated.
2. Grant of Units. Executive is hereby granted deferred compensation in the form of 626,566 (six hundred twenty-six thousand five hundred sixty-six) Units pursuant to the terms of this Agreement. The Units shall be non-forfeitable, except as otherwise provided in Section 9 only.
3. Common Stock. Each Unit shall represent one share of Common Stock.
4. Dividend Equivalents. Executive's deferred compensation account under the Vornado Realty Trust Nonqualified Deferred Compensation Plan, adopted as of June 1, 2001 (the "Account") shall be credited dividend equivalent amounts equal to the regular quarterly cash dividend or any year-end special dividend payable to holders of Common Stock as if Executive were an actual shareholder with respect to the number of shares of Common Stock equal to his outstanding Units. Such dividend equivalents shall be credited to Executive's Account on the same date as the relevant dividend is paid by the Company in respect of the Common Stock.
5. Payments of Units. (a) Executive shall be paid the number of shares of Common Stock equal to the Units as of the first to occur of (i) Executive's termination of employment with the Company or (ii) December 31, 2006 (the "Payment Date"). Payment by the Company with respect to the Units shall be made no later than seven (7) business days following the applicable Payment Date. Upon receipt by Executive of payment with respect to a Unit, such Unit shall be cancelled and shall no longer be outstanding.

(b) Any shares of Common Stock to be delivered shall be deposited in an account designated by Executive and maintained at a brokerage house selected by Executive. Any such shares of Common Stock shall be duly authorized, fully paid and non-assessable shares, listed with the New York Stock Exchange ("NYSE") and registered on the Company Registration Statement. Notwithstanding anything herein to the contrary, if Executive (x) does not Beneficially Own (as such term is defined in the Amended and Restated Declaration of Trust of the Company (the "Declaration")), hereafter come to Beneficially Own, Constructively Own (as such term is defined in the Declaration), or hereafter come to Constructively Own Common Equity Stock (as such term is defined in the Declaration) of the Company other than Common Stock received by Executive pursuant to this Agreement, the Company Share Option Agreement, the Convertible Units Agreement or share options to purchase Common Stock granted to Executive by the Company prior to the date hereof, as well as Common Stock owned by Executive as of the date hereof (all such Common Stock is referred to hereinafter as the "Current Equity Interests Exception"), and (y) complies with the requirements for Existing Constructive Holder status set forth in the Declaration at all times, if any, that Executive Constructively Owns in excess of 9.9 percent of the Company's outstanding Common Equity Stock, the Company shall not pay Executive all or any part of the Units in shares of Common Stock to the extent that to do so would, or would be reasonably likely to, result in (x) any of such Common Stock issued to Executive being void under the Declaration or classified as or exchanged for Excess Stock (as defined in the Declaration) or (y) Executive not having shareholder rights at all times in respect of such Common Stock to the fullest extent provided for in the Declaration, the Amended and Restated By-Laws of the Company and Maryland law. To the extent that the operation of this Section 5(b) precludes Executive from receiving payment of all or any part of the Units in shares of Common Stock, the Company shall pay Executive the fair market value of each share of Common Stock represented by any such Units in cash by same day wire transfer to an account designated by Executive. Payment by the Company with respect to the Units shall be made no later than seven (7) business days following the applicable Payment Date. For purposes of this Agreement, "fair market value" of the Common Stock on any given date shall mean the average of the high and low trading prices of the Common Stock on the NYSE composite tape on such date or, if such date is not a trading date, the immediately preceding trading date.

The Current Equity Interests Exception in the preceding paragraph is subject to approval by the Board of Trustees of the Company of an increase in the Ownership Limit (as such term is defined the Declaration) in an amount necessary to cover all of the shares of Common Stock referred to in the Current Equity Interests Exception. The Company will use its best efforts to have such Board approval adopted as soon as practicable, but in no event later than April 30, 2002.

(c) The Company shall provide Executive and the trustee of the trust described in Section 11 with, and maintain, an effective shelf registration covering the 626,566 shares of Common Stock underlying the Units hereunder pursuant to the terms and conditions set forth on Exhibit B to the Employment Agreement between the Company and the Executive dated as of December 2, 1996 (the "1996 Agreement").

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(d) Except as otherwise provided in this Agreement, Executive shall not be deemed to be a holder of any Common Stock pursuant to a Unit until the date of the issuance of a certificate to him for such shares and, except as otherwise provided in this Agreement, Executive shall not have any rights to actual dividends or any other rights of a shareholder with respect to the shares of Common Stock covered by a Unit until such shares of Common Stock have been issued to him, which issuance shall not be unreasonably delayed.

(e) The Company may require that Executive pay to the Company, or the Company may otherwise withhold, at the time of payment of the value of a Unit, any such amount as is required by law or regulation to be withheld for Federal, state or local income tax or any other taxes incurred by reason of the payment.

(f) Executive's right to receive payment of any amounts under this Agreement shall be an unfunded entitlement and shall be an unsecured claim against the general assets of the Company.

6. Representations. The Company represents and warrants that this Agreement has been authorized by all necessary action of the Company and is a valid and binding agreement of the Company enforceable against it in accordance with its terms and that the shares of Common Stock described in Section 11 of this Agreement will be promptly listed on the NYSE after the execution of this Agreement, and are validly issued, fully paid and non-assessable shares. The Company further represents and warrants that the grant of Units under this Agreement has been approved by the Compensation Committee of the Board of Trustees of the Company (the "Committee") and that the Company will file a Hart Scott Rodino application with respect to Executive on a timely basis, if necessary, in connection with the acquisition of Common Stock by Executive under this Agreement. If (i) Executive does not Beneficially Own, hereafter come to Beneficially Own, Constructively Own, or hereafter come to Constructively Own Common Equity Stock of the Company other than Common Stock received by Executive pursuant to this Agreement, the Company Share Option Agreement, the Convertible Units Agreement or share options to purchase Common Stock granted to Executive by the Company prior to the date hereof, as well as Common Stock owned by Executive as of the date hereof, and (ii) Executive complies with the requirements for Existing Constructive Holder status set forth in the Declaration at all times, if any, that Executive Constructively Owns in excess of 9.9 percent of the Company's outstanding Common Equity Stock, the Company represents and warrants that no shares of Common Stock issued or to be issued under this Agreement shall be voided under the Declaration or classified as or exchanged for Excess Stock and that Executive shall have shareholder rights at all times under such shares of Common Stock to the fullest extent provided for in the Declaration, the Amended and Restated By-Laws of the Company and Maryland law. The representation and warranty in the preceding sentence is subject to approval by the Board of Trustees of the Company of an increase in the Ownership Limit (as such term is defined the Declaration) in an amount necessary to cover all of the shares of Common Stock referred to in clause (i) of the preceding sentence. The Company will use its best efforts to have such Board approval adopted as soon as practicable, but in no event later than April 30, 2002.

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7. Changes in the Common Stock and Adjustment of Units. (a) In the event the outstanding shares of the Common Stock shall be changed into an increased number of shares, through a share dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares or reverse stock-split, then immediately after the record date for such change, the number of Units then subject to this Agreement shall be proportionately increased, in case of such share dividend or split-up of shares, or proportionately decreased, in case of such combination of shares or reverse stock-split. In the event the Company shall issue any of its shares of beneficial interest or other securities or property (other than Common Stock which is covered by the preceding sentence), in a reclassification of the Common Stock (including without limitation any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the kind and number of Units subject to this Agreement immediately prior thereto shall be adjusted so that the Executive shall be entitled to receive the same kind and number of shares or other securities or property which the Executive would have owned or have been entitled to receive after the happening of any of the events described above, had he owned the shares of the Common Stock represented by the Units under this Agreement immediately prior to the happening of such event or any record date with respect thereto, which adjustment shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) In the event the Company shall distribute to all holders of the Common Stock evidences of its indebtedness or assets (including leveraged recapitalizations with special cash distributions, but excluding regular quarterly cash dividends and year-end special dividends), then in each case the number of Units thereafter subject to this Agreement shall be determined by multiplying the number of Units theretofore subject to this Agreement by a fraction, (i) the numerator of which shall be the then current market

price per share of Common Stock (as determined in paragraph (c) below) on the record date for such distribution, and (ii) the denominator of which shall be the then current market price per share of the Common Stock less the then fair value (as mutually determined in good faith by the Board of Trustees of the Company and the Executive) of the portion of the assets or evidences of indebtedness so distributed applicable to a share of Common Stock. Such adjustment shall be made whenever any such distribution is made, and shall become effective on the date of distribution retroactive to the record date for the determination of shareholders entitled to receive such distribution.

(c) For the purpose of any computation under paragraph (b) of this Section 7, the current market price per share of the Common Stock at any date shall be deemed to be the average of the daily Closing Prices for 15 consecutive Trading Days commencing 20 Trading Days before the date of such computation. "Closing Price" for each Trading Day shall be, if the Common Stock is then listed or admitted to trading on the NYSE or other national securities exchange, the last reported sale price, regular way, for the Common Stock as reported on the NYSE or such other national exchange, or if the Common Stock is not so listed or admitted on any such exchange, then the last sale price reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or if no such last sale prices are reported, the average of the last

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bid and asked prices reported by NASDAQ. "Trading Day" shall be each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which the Common Stock is not traded on the exchange or in the market which is the principal United States market for the Common Stock.

(d) For the purpose of this Section 7, the term "Common Stock" shall mean (i) the class of beneficial interest designated as the Common Stock at the date of this Agreement, or (ii) any other class of equity interest resulting from successive changes or reclassifications of such shares consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to the second sentence of Section 7(a) above, the Executive shall become entitled to Units representing any shares other than the Common Stock, thereafter the number of such other shares represented by a Unit shall be subject to adjustment from time to time in a manner and on the terms as nearly equivalent as practicable to the provisions with respect to the shares contained in this Section 7, and the provisions of this Agreement with respect to the shares of Common Stock represented by the Units shall apply on like terms to any such other shares.

(e) In case of any consolidation of the Company or merger of the Company with another corporation as a result of which Common Stock is converted or modified, or in case of any sale or conveyance to another corporation of the property, assets and business of the Company as an entirety or substantially as an entirety, the Company shall modify the Units so as to provide the Executive with Units reflecting the kind and amount of shares and other securities and property that he would have owned or have been entitled to receive immediately after the happening of such consolidation, merger, sale or conveyance had his Units immediately prior to such action actually been shares and, if applicable, other securities of the Company represented by those Units. The provisions of this Section 7(e) shall similarly apply to successive consolidations, mergers, sales or conveyances.

(f) If the Company distributes rights or warrants to all holders of its Common Stock entitling them to purchase shares of Common Stock at a price per share less than the current market price per share on the record date for the distribution, the number of Units thereafter subject to this Agreement shall be adjusted in accordance with the formula:

$$U' = U(X) \frac{O (+) N}{O (+) \frac{N(X) P}{M}}$$

where:

U' = the adjusted number of Units.

U = the current number of Units.

O = the number of shares of Common Stock outstanding on the record date.

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N = the number of additional shares of Common Stock offered.

P = the offering price per share of the additional shares.

M = the current market price per share of Common Stock on the record date (as defined pursuant to paragraph (c) above).

The adjustment shall become effective immediately after the record date for determination of shareholders entitled to receive the rights or warrants.

(g) In case any event shall occur as to which the provisions of this Section 7 are not applicable but the failure to make any adjustment would not fairly protect the rights represented by the Units in accordance with the essential intent and principles of

this Section 7 (including without limitation, directly or indirectly, the sale of Common Stock (or any security convertible into or exercisable for Common Stock) by the Company or a subsidiary at a price below fair value or the issuance by the Company or a subsidiary at a price below fair value or the issuance by the Company or a subsidiary of other securities not limited to a return that is fixed or determined with reference to a specified index, but only with respect to sales or issuances, directly or indirectly, to (i) Affiliates of the Company, (ii) the Interstate Holders or (iii) affiliates of the Interstate Holders (other than in all cases such wholly-owned subsidiaries of the Company) (the persons in (i), (ii) and (iii) shall be individually and collectively referred to herein, as the "Affiliated Entities") then, in each such case, the Company shall make an adjustment, if any, on a basis consistent with the essential intent and principles established in this Section 7, necessary to preserve, without dilution, the rights represented by the Units. The Company will promptly notify the Executive of any such proposed adjustment.

(h) Notwithstanding anything to the contrary contained herein, the provisions of Section 7 shall not apply to, and no adjustment is required to be made in respect of, any of the following: (i) the issuance of shares of Common Stock upon the exercise of any other rights, options or warrants that entitle the holder to subscribe for or purchase such shares (it being understood that the sole adjustment pursuant to this Section 7 in respect of the issuance of shares of Common Stock upon exercise of rights, options or warrants shall be made at the time of the issuance by the Company of such rights, options or warrants, or a change in the terms thereof); (ii) the issuance of shares of Common Stock to the Company's employees, directors or consultants pursuant to bona fide benefit plans adopted by the Company's Board of Trustees; (iii) the issuance of shares of Common Stock in a bona fide public offering pursuant to a firm commitment offering; (iv) the issuance of shares of Common Stock to any of the Affiliated Entities concurrently with an issuance of shares described in clause (iii) above if such issuance results in the receipt by the Company of at least the same net proceeds per share as the issuance described in such provision and if such Affiliated Entities have the right to participate in such issuance pro rata with their equity interest in the Company; (v) the issuance of shares of Common Stock pursuant to any dividend reinvestment or similar plan adopted by the Company's Board of Trustees to the extent that the applicable discount from the current market price for shares issued under such plan does not exceed 5%; and (vi) the issuance of shares of Common Stock in any arm's length transaction, directly or indirectly, to any party which is not one of the Affiliated Entities.

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(i) Notwithstanding anything in this Agreement to the contrary, under no circumstances will there be an adjustment under this Section 7 in connection with the creation of a general partnership interest for any limited partnership that is spun off from the Company.

(j) Notwithstanding anything in this Agreement to the contrary, (i) in the event of a spin-off by the Company to its shareholders, Executive's participation in such spin-off with respect to the Units and the adjustment of the Units shall be determined in an appropriate and equitable manner, and it is the intention of the parties hereto that, to the extent practicable, such adjustment shall include an equity interest in the spun-off entity, and (ii) no adjustments under this Section 7(j) shall be made which would reasonably be expected to adversely affect the Company's status as a real estate investment trust.

(k) In the event the parties hereto cannot agree upon an appropriate and equitable adjustment to the Units, the services of an independent investment banker mutually acceptable to Executive and the Company shall (at the sole expense of the Company) be retained to determine an appropriate and equitable adjustment, and such determination shall be binding upon the parties.

(l) For purposes of this Agreement, "Affiliate" of the Company means any person, directly or indirectly, controlling, controlled by or under common control with the Company.

8. No Right to Employment. Nothing in this Agreement shall confer upon Executive the right to remain in employ of the Company or any subsidiary of the Company.

9. Termination of Units. Notwithstanding anything in this Agreement to the contrary, in the event that prior to December 31, 2002, Executive voluntarily terminates his employment with the Company without Good Reason, this Agreement shall be void and Executive shall have no further rights to the Units or any other payments under this Agreement, excluding any dividend equivalent amounts already credited to Executive's Account; provided, that under no circumstances shall the Units be forfeited in the event of Executive's death or a termination due to Disability.

10. Nontransferability. This Agreement shall not be assignable or transferable by the Company (other than to successors of the Company) and this Agreement and the Units shall not be assignable or transferable by the Executive otherwise than by will or by the laws of descent and distribution, and the Units may be paid out during the lifetime of the Executive only to him. More particularly, but without limiting the generality of the foregoing, the Units may not be assigned, transferred (except as provided in the preceding sentence), pledged, or hypothecated in any way (whether by operation of law or otherwise), and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Units contrary to the provisions of this

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Agreement, and any levy of any attachment or similar process upon the Units, shall be null and void and without effect.

11. Funding of Rabbi Trust. Within 60 days of the date of the Employment Agreement, the Company shall contribute a certificate for 626,566 shares of Common Stock into the Rabbi Trust, and shall, subsequent to such initial funding, continue to fund the Rabbi Trust with respect to the Units, all in the manner set forth in the Rabbi Trust agreement, attached as Exhibit E to the 1996 Agreement. Amounts may be paid out of the Rabbi Trust in accordance with payment instructions given to the trustee (as provided therein), pursuant to the specific terms of the trust.

12. Legal Fees and Expenses. If any contest or dispute shall arise between the Company and Executive regarding any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims brought and pursued in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed) to the extent the Company receives reasonable written evidence of such fees and expenses.

13. Entire Agreement. This Agreement and the Employment Agreement contain all the understandings between the parties hereto pertaining to the matters referred to herein, and supersede all undertakings and agreements, whether oral or in writing, previously entered into by them with respect thereto. The Executive represents that, in executing this Agreement, he does not rely and has not relied upon any representation or statement not set forth herein made by the Company with regard to the subject matter, bases or effect of this Agreement or otherwise.

14. Amendment or Modification; Waiver. No provision of this Agreement may be amended, modified or waived unless such amendment or modification is agreed to in writing, signed by the Executive and by a duly authorized officer of the Company, and such waiver is set forth in writing and signed by the party to be charged. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

15. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when delivered personally, sent by courier or telecopy or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

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To the Executive:  
Michael D. Fascitelli  
25 East End Avenue, Apt. 11G  
New York, New York 10028

with a copy to:

Stephen W. Skonieczny  
Dechert  
30 Rockefeller Plaza  
New York, New York 10112-2200

To the Company:

Vornado Realty Trust  
888 Seventh Avenue  
New York, New York 10019  
Attention: Steven Roth

with a copy to:

William G. Farrar  
Sullivan & Cromwell  
125 Broad Street  
New York, New York 10004

Any notice delivered personally or by courier under this Section 15 shall be deemed given on the date delivered and any notice sent by telecopy or registered or certified mail, postage prepaid, return receipt requested, shall be deemed given on the date telecopied or mailed.

16. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law.

17. Noncontravention. The Company represents that the Company is not prevented from entering into, or performing, this Agreement by the terms of any law, order, rule or regulation, its declaration of trust or by-laws, or any agreement to which it is a party, other than which would not have a material adverse effect on the Company's ability to enter into or perform this Agreement.

18. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

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19. Successors. This Agreement shall inure to the benefit of and be binding upon each successor of the Company, and upon the Executive's beneficiaries, legal representatives or estate, as the case may be.

20. Governing Law. This agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to its conflicts of laws principles.

21. Trustees. In the event any successor to the Company is a corporation, all references to "trustee" or "Board of Trustees" shall mean "directors" or "Board of Directors", respectively.

22. New York Stock Exchange. For purposes of any references hereunder to listing shares of Common Stock, listing with the NYSE and trading on NASDAQ shall be interchangeable.

23. Headings. All descriptive headings of sections and paragraphs in this Agreement are for convenience of reference only, and they form no part of this Agreement and shall not affect its interpretation.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

VORNADO REALTY TRUST

By: /s/ Steven Roth

\_\_\_\_\_  
Name: Steven Roth  
Title: Chairman of the Board and  
Chief Executive Officer

/s/ Michael D. Fascitelli

\_\_\_\_\_  
Michael D. Fascitelli

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FIRST AMENDMENT  
TO  
2002 UNITS AGREEMENT

THIS AGREEMENT, dated as of October 31, 2002, is made by and between Vornado Realty Trust, a Maryland real estate investment trust, with its principal offices at 888 Seventh Avenue, New York, New York 10019 (the "Company") and Michael D. Fascitelli (the "Executive").

WHEREAS, Executive and the Company have entered into a 2002 Units Agreement, dated as of March 8, 2002 (the "2002 Units Agreement"), pursuant to which the terms of the 626,566 units (the "Units") representing an equal number of common shares of beneficial interest of the Company, par value \$.04 per share ("Common Stock"), granted to Executive were set forth; and

WHEREAS, the Company and Executive desire to amend the 2002 Units Agreement with respect to (i) the limitations on payment in shares of Common Stock under the Company's Amended and Restated Declaration of Trust (the "Declaration") and (ii) certain representations of the Company relating to the Declaration.

NOW, THEREFORE, the Company and Executive agree as follows:

1. Effective as of March 8, 2002, Section 5(b) of the 2002 Units Agreement shall be amended in its entirety to read as follows:

"(b) Any shares of Common Stock to be delivered shall be deposited in an account designated by Executive and maintained at a brokerage house selected by Executive. Any such shares of Common Stock shall be duly authorized, fully paid and non-assessable shares, listed with the New York Stock Exchange ("NYSE") and registered on the Company Registration Statement. Notwithstanding anything herein to the contrary, the Company shall not pay all or any part of the value of the Units to Executive in the form of shares of Common Stock to the extent that to do so would, or would be reasonably likely to, result in any of such Common Stock issued to Executive being void under the Amended and Restated Declaration of Trust of the Company (the "Declaration") or classified as or exchanged for Excess Stock (as such term is defined in the Declaration). To the extent that the operation of this Section 5(b) precludes Executive from receiving payment of all or a part of the Units in Common Stock, the Company shall instead pay Executive the fair market value of each share of Common Stock represented by any such Units in cash by same day wire transfer to an account designated by Executive. Payment by the Company with respect to the Units shall be made no later than seven (7) business days following the applicable Payment Date. For purposes of this Agreement, "fair market value" of the Common Stock on any given date shall mean the average of the high and low

trading prices of the Common Stock on the NYSE composite tape on such date or, if such date is not a trading date, the immediately preceding trading date."

2. Effective as of March 8, 2002, Section 6 of the 2002 Units Agreement shall be amended in its entirety to read as follows:

"6. Representations. The Company represents and warrants that this Agreement has been authorized by all necessary action of the Company and is a valid and binding agreement of the Company enforceable against it in accordance with its terms and that the shares of Common Stock described in Section 11 of this Agreement will be promptly listed on the NYSE after the execution of this Agreement, and are validly issued, fully paid and non-assessable shares. The Company further represents and warrants that the grant of Units under this Agreement has been approved by the Compensation Committee of the Board of Trustees of the Company (the "Committee") and that the Company will file a Hart Scott Rodino application with respect to Executive on a timely basis, if necessary, in connection with the acquisition of Common Stock by Executive under this Agreement. If (i) Executive does not Beneficially Own (as such term is defined in the Declaration), hereafter come to Beneficially Own, Constructively Own (as such term is defined in the Declaration), or hereafter come to Constructively Own Common Equity Stock (as such term is defined in the Declaration) of the Company other than Common Stock received by Executive pursuant to this Agreement, Common Stock or share options to purchase Common Stock transferred or granted to Executive by the Company as compensation, as well as Common Stock owned by Executive with respect to which Executive has provided prior written notice to the Company, and (ii) Executive complies with the requirements for Existing Constructive Holder status set forth in the Declaration at all times, if any, that Executive Constructively Owns in excess of 9.9 percent of the Company's outstanding Common Equity Stock, the Company represents and warrants that no shares of Common Stock issued or to be issued under this Agreement shall be voided under the Declaration or classified as or exchanged for Excess Stock and that Executive shall have shareholder rights at all times in respect of such Common Stock to the fullest extent provided for in the Declaration, the Amended and Restated By-Laws of the Company and Maryland law."

3. Except as set forth above, all other terms and provisions of the 2002 Units Agreement, as in effect immediately prior to the date hereof, remain unchanged and applicable to the Company and Executive.

4. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

VORNADO REALTY TRUST

By: /s/ Steven Roth

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Name: Steven Roth  
Title: Chairman of the Board and  
Chief Executive Officer

/s/ Michael D. Fascitelli

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Michael D. Fascitelli

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FIRST AMENDMENT  
TO  
REGISTRATION AGREEMENT

THIS AGREEMENT, dated as of October 31, 2002, is made by and between Vornado Realty Trust, a Maryland real estate investment trust, with its principal offices at 888 Seventh Avenue, New York, New York 10019 (the "Company") and Michael D. Fascitelli (the "Executive").

WHEREAS, Executive and the Company have entered into an Employment Agreement, dated as of December 2, 1996 (the "1996 Employment Agreement"), attached to which as Exhibit B was an agreement by the Company (the "Registration Agreement") with respect to its obligation to file and maintain the effectiveness of a "shelf" registration statement with respect to Vornado Common Shares (as such term is defined therein); and

WHEREAS, Executive and the Company have entered into an amendment and restatement Employment Agreement, dated as of March 8, 2002 (the "2002 Employment Agreement") pursuant to which the Company contributed to the Rabbi Trust (as such term is defined in the 2002 Employment Agreement) an additional 626,566 Vornado Common Shares; and

WHEREAS, the Company and Executive desire to amend the Registration Agreement (i) to include the additional 626,566 Vornado Common Shares and (ii) revise the provisions of the Registration Agreement relating to underwritten offerings.

NOW, THEREFORE, the Company and Executive agree as follows:

1. Effective on the date hereof, Section 1 of the Registration Agreement is amended by the addition of the following sentence immediately prior to the last sentence thereof:

"In addition, the Company agrees that upon written notice from a member of the Executive's immediate family or the trustee of a trust for the benefit of the Executive or one or more members of the Executive's immediate family to whom Vornado Registrable Securities have been transferred, the Company will amend such registration statement (or, in its sole discretion, file a new "shelf" registration statement) to cover the sale of such Securities by such family member or trust."

2. Effective on the date hereof, Section 2 of the Registration Agreement is amended by the addition of the following sentence immediately prior to the last sentence thereof:

"In addition, the Company agrees that upon written notice from a member of the Executive's immediate family or the trustee of a trust for the benefit of the Executive or one or more members of the Executive's immediate family to whom Alexander's Registrable Securities have been transferred, the Company will amend such registration statement (or, in its sole discretion, file a new "shelf" registration statement) to cover the sale of such Securities by such family member or trust."

3. Effective on the date hereof, Section 3 of the Registration Agreement is amended by the addition of the following at the end thereof:

"(p) In the event a transfer of Vornado Registrable Securities or Alexander's Registrable Securities is made to a member of the Executive's immediate family or the trustee of a trust for the benefit of the Executive or one or more members of the Executive's immediate family, the provisions of this Section (other than paragraph (a) thereof) and Sections 7, 8, 9(b), 9(d) and 11 shall be modified by the addition of the words "and/or the member(s) of the Executive's immediate family or the trustee of a trust for the benefit of the Executive or one or more members of the Executive's immediate family to whom Vornado Registrable Securities or Alexander's Registrable Securities have been transferred" immediately after the word "Executive" each time it appears."

4. Effective on the date hereof, Section 9(a) of the Registration Agreement is amended in its entirety to read as follows:

"a. "Alexander's Registrable Securities" shall mean the 350,000 shares of common stock, par value \$1.00 per share, of Alexander's and any securities into which such shares are exchanged or reclassified ("Alexander's Common Stock") issuable upon exercise of the Alexander's Options to be granted by Alexander's to the Executive pursuant to Section 5(c) of the Agreement and any securities issued as a distribution on or acquired upon exercise of rights distributed with respect to such Alexander's Common Stock (collectively with the Alexander's Common Stock, the "Alexander's Securities"); provided that such Alexander's Securities shall cease to be Alexander's Registrable Securities when such Alexander's Securities (i) have been sold or otherwise transferred by the Executive or a member of the Executive's immediate family or the trustee of a trust for the benefit of the Executive or one or more members of the Executive's immediate family to whom such Alexander's Securities have been transferred, other than the transfer of such Alexander's Securities by the Executive to a member of the Executive's immediate family or a trust

for the benefit of the Executive or one or more members of the Executive's immediate family, whether pursuant to an effective registration statement or otherwise or (ii) have become eligible for sale pursuant to Rule 144(k) (or any similar provision then in force) under the Securities Act."

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5. Effective on the date hereof, Section 9(c) of the Registration Agreement is amended in its entirety to read as follows:

"c. "Vornado Registrable Securities" shall mean (i) the 3,500,000 common shares of beneficial interest, par value \$0.04 per share, of the Company and any securities into which such shares are exchanged, converted or reclassified ("Vornado Common Shares") issuable upon exercise of the Company Options granted by the Company to the Executive pursuant to Section 5(b) of the Agreement and (ii) the 1,546,106 Vornado Common Shares to be held by the Rabbi Trustee pursuant to the Rabbi Trust and, in each case, any securities issued as a distribution on or acquired upon exercise of rights distributed with respect to such Vornado Common Shares (collectively with the Vornado Common Shares, the "Vornado Securities"); provided that such Vornado Securities shall cease to be Vornado Registrable Securities when such Vornado Securities (i) have been sold or otherwise transferred by the Executive or a member of the Executive's immediate family or the trustee of a trust for the benefit of the Executive or one or more members of the Executive's immediate family to whom such Vornado Securities have been transferred, other than the transfer of such Vornado Securities by the Executive to a member of the Executive's immediate family or a trust for the benefit of the Executive or one or more members of the Executive's immediate family, whether pursuant to an effective registration statement or otherwise, or (ii) have become eligible for sale pursuant to Rule 144(k) (or any similar provision then in force) under the Securities Act."

6. Effective on the date hereof, Section 10 of the Registration Agreement is amended in its entirety to read as follows:

"10. *Underwritten Offering.* Any of the Executive, members of the Executive's immediate family or the trustee of a trust for the benefit of the Executive or the Executive's immediate family to which the Executive transferred any of his Vornado Registrable Securities or Alexander's Registrable Securities may sell such Vornado Registrable Securities or Alexander's Registrable Securities in an underwritten offering. In any such underwritten offering, the investment banker or bankers and manager or managers that will administer the offering will be selected by, and the underwriting arrangements thereto will be approved by such of the Executive, the Executive's immediate family or the trustee of a trust for benefit of the Executive or the Executive's immediate family requesting such underwritten offering; provided, however, that (i) such investment bankers and managers and underwriting arrangements must be reasonably satisfactory to the Company or Alexander's, as applicable, such satisfaction not to be unreasonably withheld, (ii) the Company or Alexander's, as applicable, shall not be obligated to arrange for more than one underwritten offering during any consecutive twelve month period and (iii) there are included in such underwritten offering (x) at least 500,000 Vornado Common Shares (or the equivalent thereof) or (y) the greater of (A) at least 20% of the outstanding

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Alexander's Registrable Securities or (B) at least 250,000 shares of Alexander's Common Stock, as the case may be (or the equivalent thereof). In connection with any such underwritten offering of securities with an aggregate public offering price of at least \$50,000,000, the Company will agree or, with respect to an offering of Alexander's Registrable Securities, will use its best efforts to cause Alexander's to agree, to customary restrictions on the ability of the Company or Alexander's, as the case may be, to sell securities substantially similar to the Vornado Registrable Securities or the Alexander's Registrable Securities for a period not to exceed 90 days from the date of the related prospectus supplement. As used in this Section 10, "immediate family" refers to the Executive's spouse, children and grandchildren."

7. Except as set forth above, all other terms and provisions of the Registration Agreement, as in effect immediately prior to the date hereof, remain unchanged and applicable to the Company and Executive.

8. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

VORNADO REALTY TRUST

By: /s/ Steven Roth

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Name: Steven Roth  
Title: Chairman of the Board and  
Chief Executive Officer

/s/ Michael D. Fascitelli

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Michael D. Fascitelli

**TRUST AGREEMENT****BETWEEN****VORNADO REALTY TRUST AND****THE CHASE MANHATTAN BANK**

Dated as of December 2, 1996

**TRUST AGREEMENT****BETWEEN****VORNADO REALTY TRUST****AND****THE CHASE MANHATTAN BANK**

This TRUST AGREEMENT, dated as of December 2, 1996 (the "Trust Agreement"), between Vornado Realty Trust, a Maryland real estate investment trust, having its principal offices at Park 80 West, Plaza II, Saddle Brook, New Jersey 07663 (the "Employer"), and The Chase Manhattan Bank, a New York banking corporation, having offices located at 1 Chase Manhattan Plaza, New York, New York 10005 (the "Trustee").

**W I T N E S S E T H:**

WHEREAS, the Employer has entered into (i) an Employment Agreement (the "Employment Agreement"), dated December 2, 1996 (a copy of which is attached hereto as Exhibit A), (ii) a Deferred Compensation Agreement dated as of December 2, 1996 (the "Deferred Compensation Agreement") (a copy of which is attached hereto as Exhibit B), and (iii) a Convertible Units Agreement, dated as of December 2, 1996 (the "Convertible Units Agreement") (a copy of which is attached hereto as Exhibit C, under which the Employer has agreed to provide certain deferred compensation benefits specified therein to Mr. Michael D. Fascitelli (the "Executive"), and, in order to accumulate the amounts necessary to satisfy the obligations of the Employer under the Deferred Compensation Agreement and the Convertible Units Agreement, the Employer wishes to establish an irrevocable grantor trust under this Trust Agreement (the "Trust");

WHEREAS, the Deferred Compensation Agreement and the Convertible Units Agreement, are sometimes referred to collectively herein as the "Agreements"; and

WHEREAS, the establishment of the Trust shall not reduce or otherwise affect the Employer's obligation, if any, to pay any benefits provided under the Agreements, except that the Employer's obligation or liability to pay benefits under the Agreements shall be offset by amounts actually paid from the Trust with respect thereto; and

WHEREAS, the Trustee is willing to act as Trustee under this Trust Agreement upon all of the terms, provisions and conditions hereinafter set forth; and

WHEREAS, the Trust is intended to be a "grantor trust" with the result that the corpus and income of the Trust will be treated as assets and income of the

Employer pursuant to and for the purposes of Sections 671 through 679 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Agreements;

WHEREAS, the Trust is intended to constitute an unfunded arrangement and shall not affect the status of the Agreements as unfunded arrangements;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Employer and the Trustee agree as follows:

**Section 1. Creation of Trust.**

1.1 **Trustee.** The Chase Manhattan Bank shall be the Trustee of the Trust created by this Trust Agreement, and shall serve as the Trustee until its removal or resignation in accordance with Section 8 hereof. The Trustee accepts the Trust created hereunder upon the terms set forth herein, and agrees to discharge and perform faithfully all of the duties and obligations imposed hereunder. The purpose of the Trust is to assure that the Employer's obligations to the Trust Beneficiaries (as defined below in Section 1.3)



pursuant to the Agreements is fulfilled. The Trust is intended to be a grantor trust, within the meaning of Sections 671 through 679 of the Code. The Trust is not designed to qualify under Section 401 of the Code.

1.2 Trust Fund. Subject to the terms and provisions of this Trust Agreement, the Trustee hereby acknowledges its receipt from the Employer of (i) Five Million Dollars \$5,000,000.00 in cash (the "Cash Deposit"), and (ii) Four hundred fifty nine thousand seven hundred and seventy (459,770) validly issued, fully paid and non-assessable common shares of beneficial interest, par value \$0.04 per share (the "Stock Deposit"), of the Employer (the "Employer Stock"), as an initial contribution to the Trust under the Agreements and agrees to accept additional sums of money and other property as contributions to the Trust as from time to time shall be paid or delivered to the Trustee by the Employer. All such money and other property, together with the income thereon and increments thereto, shall constitute the trust fund (the "Trust Fund") to be held in accordance with the terms of this Trust Agreement.

1.3 Benefit of Employees. The Trust created and maintained under this Trust Agreement shall be irrevocable by the Employer. The principal of the Trust shall be held separate and apart from other funds of the Employer and the Trust Fund shall be accumulated and held for the exclusive purpose of providing benefit payments to (or with respect to) the Executive and/or the Executive's designated beneficiaries (the "Trust Beneficiary(ies)") in accordance with the terms and provisions of the Agreements and this Trust Agreement, until all payments required in accordance with the terms of the Agreements and this Trust Agreement have been made, or the assets of the Trust Fund have otherwise been fully paid to the Trust Beneficiaries. Except as provided herein, the

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Trust Beneficiaries shall have no preferred claim on, or any specific beneficial ownership interest in, any assets of the Trust Fund. Any rights created under the Agreements and this Trust Agreement shall be mere unsecured contractual rights of Trust Beneficiaries against the Employer. Any assets held by the Trust Fund shall at all times be subject to the claims of the general creditors of the Employer under federal and state law as set forth in Section 4 below.

1.4 Valuation of Trust Fund. The Trust Fund shall be valued as of the close of business on the last business day of each month, or more or less frequently as may be agreed upon by the Employer, the Trustee and the Executive (or his legal representative).

1.5 Participant Data. In addition to the schedule referred to in Section 3.2, the Employer shall from time to time, as is reasonably necessary, provide information to the Trustee regarding the Trust Beneficiaries and the amount and determination of benefits payable under the Agreements (the "Trust Beneficiary Data"). In any event, the Employer shall furnish the Trustee with the Trust Beneficiary Data at least once each fiscal year. The Trust Beneficiary Data shall include, but not be limited to, (i) the name, address, date of birth, and social security number of each Trust Beneficiary; (ii) the estimated amount and form of benefits under the Agreements of each Trust Beneficiary; and (iii) any other information regarding the Agreements which the Trustee may reasonably request or which the Employer or a Trust Beneficiary may reasonably deem necessary.

1.6 Trustee Not Responsible for Funding. The Trustee shall be under no obligation to collect any contributions or other payments to be made to the Trustee by the Employer. All responsibility for the determination of the amount, timing and type of contributions or other payments made to the Trustee, shall be that of the Employer or its designee, and not the Trustee.

1.7 Additional Contributions. If, on December 31st of each calendar year (commencing December 31, 1997), the fair market value of the Stock Deposit in the Trust Fund is less than the fair market value of the unpaid obligations of the Employer to the Executive under the Convertible Units Agreement, the Employer shall forthwith contribute additional shares of Employer Stock or cash to the extent necessary to eliminate any such underfunding as of such December 31.

## Section 2. Investment of Trust Fund and Administrative Powers of the Trustee.

2.1 Designation of Investment Managers; Investment Accounts. The Trust Fund shall be maintained as a single investment account or shall be divided for purposes of investment into such number of accounts as the Trustee shall deem advisable.

2.2 Authority Over Investment. Subject to the following, the Trustee shall have discretion with respect to the investment of the Trust Fund at all times;

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provided, however, that (a) the Trustee shall, first in respect of the Cash Deposit, invest, unless the Executive directs otherwise, the Trust Funds in United States of America government securities, money market funds, and/or money market deposits (including deposits issued by the Trustee) all having a maturity of not more than one year, in all cases, subject to the fiduciary duty of the Trustee under New York State Law not to commit a breach of trust, (b) the Trustee shall, in respect of the Stock Deposit, follow the directions of the Employer, subject to the fiduciary duty of the Trustee under New York State Law not to commit a breach of trust, (c) whenever the Trustee does not, in exercising its investment power hereunder, (i) in the case of the Cash Deposit, follow the directions of the Executive, or (ii) in the case of the Stock Deposit, follow the directions of the Employer, the Trustee shall submit its proposed investment for the approval of the Chief Financial Officer of the Employer (the "CFO") and the CFO shall have the authority to reject any proposed investment that the CFO determines in good faith would create a reasonable likelihood that (1) the Employer would fail to qualify as a real estate investment trust (a "REIT") for federal income tax purposes in any taxable year, (2) the Employer would be subject to an excise tax, including the excise tax on "prohibited transactions" described in Section 857(a) of

the Internal Revenue Code of 1986, as amended (the "Code"), or (3) an excess inclusion would be allocated to the Employer's shareholders under Section 860E(d) of the Code, and (d) the CFO shall have the authority to require the disposition and reinvestment of any investment selected by the Trustee the continued ownership of which the CFO determines in good faith would create a reasonable likelihood of the occurrence of an event described in clause (c) (1), (2) or (3)

2.3 Investment Powers of Trustee. Subject to the specific provisions of this Section 2, the Trustee shall have the power:

(a) to purchase, receive or subscribe for any securities or other property, and to retain in trust such securities or other property, without being limited to the classes of property in which trustees are authorized to invest by any law or any rule of court of any state and without regard to the proportion any such property may bear to the entire amount of the Trust Fund;

(b) to retain any securities issued by the Employer and received by the Trustee, and to invest in securities (including stock or rights to acquire stock) or obligations issued by the Employer;

(c) to sell for cash or on credit, to grant options, convert, redeem, exchange for other securities or other property, or otherwise to dispose of any securities or other property held by it;

(d) to vote in person or by proxy, or to refrain from voting, in respect of any securities held by the Trust Fund, and to give general or special proxies or powers of attorney with or without power of substitution, and to exercise any conversion privileges, subscription rights or other options; to oppose or consent to reorganizations, recapitalization, consolidations, mergers and similar transactions

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with respect to such securities; and generally to exercise any of the powers of an owner with respect to any securities or other property held by the Trust Fund;

(e) with respect to any investment, to consent or object to or otherwise request any action or nonaction;

(f) to settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust Fund;

(g) to commence or defend suits or legal proceedings and to represent the Trust Fund in all suits or legal proceedings in any court or before any other body or tribunal and the Trustee shall be indemnified for all reasonable expenses in connection therewith, including, without limitation, reasonable counsel fees;

(h) to temporarily hold uninvested any monies received by it, without liability for interest thereon, until such monies shall be invested, reinvested or disbursed;

(i) to register or cause to be registered at the Employer's cost any securities or other property held by it hereunder in its name or in the name of any nominee with or without indication of the capacity in which the securities shall be held, and to hold any securities in bearer form;

(j) to employ suitable agents and legal counsel, who may not be counsel for the Employer (unless the Executive consents thereto in writing), or the Executive (unless the Employer consents thereto in writing), and, as part of its reimbursable expenses under this Trust Agreement, to pay such agents' and counsels' reasonable compensation and expenses;

(k) to appoint one or more individuals or corporations as custodian(s) of any property and, as part of its Employer reimbursable expenses under this Trust Agreement, to pay the reasonable compensation and expenses of any such custodian(s);

(l) for the purpose of the Trust Fund, to borrow money in such amounts and upon such terms and conditions as shall be deemed advisable or proper to carry out the purposes of the Trust Fund, from others, to issue its promissory note or notes therefor, and to secure the repayment thereof by pledging any property held by it;

(m) to invest at The Chase Manhattan Bank in any type of interest bearing investment (including, but not limited to, savings accounts, money market accounts, certificates of deposit and repurchase agreements) and (ii) temporarily in non-interest bearing accounts (including, but not limited to, checking accounts); and

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(n) generally to do all actions which the Trustee may deem necessary or desirable for the protection of the Trust Fund.

2.4 Maintaining Separate Accounts. In addition to the records and accounts maintained under Section 7.1 and to the extent deemed necessary or appropriate by the Employer and/or the Trustee, for tax reasons or otherwise, the Trustee shall establish and maintain separate bookkeeping accounts or other records for each of the Trust Beneficiaries.

2.5 Specimen Signatures. After the execution of this Trust Agreement, the Employer shall promptly file with the Trustee a certified list of the names and specimen signatures of the officers of the Employer and any other delegee(s) authorized to act for it. The Employer shall promptly notify the Trustee of the addition or deletion of any person's name to or from such list, respectively. Until receipt by the Trustee of notice that any person is no longer authorized so to act, the Trustee may continue to rely on the authority of the person. All certifications, notices and other communications by any such person or persons to the Trustee shall be in writing signed by such person or persons. The Trustee may rely on any such certification, notice or other communications purporting to have been signed by or on behalf of such person or persons that the Trustee believes to have been signed thereby. The Trustee may rely on any certification, notice or other communication of the Employer that the Trustee believes to have been signed by a duly authorized officer or agent of the Employer. The Trustee shall have no responsibility for acting or not acting in reliance upon any notification believed by the Trustee to have been so signed by a duly authorized officer or agent of the Employer. If at any time there is no person authorized to act under this Trust Agreement on behalf of the Employer, the Board of Directors of the Employer (the "Board") shall have the authority to act hereunder.

2.6 Standard of Care. The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and the Trustee shall not be liable for any action or failure to act except if such action or failure to act constitutes negligence or willful misconduct. The duties of the Trustee shall only be those specifically undertaken pursuant to this Trust Agreement or by means of a separate written agreement. The Trustee may consult with legal counsel (who may not be counsel for the Executive (unless the Employer consents thereto in writing) or for the Employer (unless the Executive consents thereto in writing)) with respect to any of its duties or obligations hereunder, and shall be fully protected in acting or refraining from acting in accordance with the reasonable advice of such counsel.

2.7 No Power to Carry on Business. Notwithstanding any powers granted to the Trustee pursuant to the Trust Agreement or applicable law, the Trustee shall not have any power that could give the Trust the objective of carrying on a business

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and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Code.

2.8 Trust Asset Rights. All rights associated with assets of the Trust Fund shall be exercised by the Trustee or the person designated by the Trustee, and shall in no event be exercisable by or rest with Trust Beneficiaries, except that voting rights with respect to Employer Stock will rest with the Employer.

### Section 3. Payments to Trust Beneficiaries.

3.1 No Vesting in Trust Assets. Except as set forth in the Agreements, the establishment of the Trust and the payment or delivery by the Employer to the Trustee of money or other property acceptable to the Trustee shall not vest in any of the Trust Beneficiaries any right, title or interest in and to any specific assets of the Trust Fund nor shall the Trust Beneficiaries' rights be greater than any other unsecured general creditor of the Employer.

#### 3.2 Determination of Payments to be Made to Trust Beneficiaries.

3.2.1 In accordance with the terms and provisions of the Agreements and, if consistent with the Agreements, the instructions of the Employer and the Executive (or any other Trust Beneficiary), the Trustee shall make payments of benefits to the Trust Beneficiaries from the Trust Fund, if and only to the extent such assets are available for distribution, in accordance with a schedule of payments to be furnished jointly and in good faith by the Employer and the Executive to the Trustee from time to time or upon demand of the Trustee. Any such payment shall be subject to required income tax withholding under Section 3.4 below.

3.2.2 For the purpose of determining (and except as provided below in this Section 3.2) any benefits payable, the Trustee may, notwithstanding anything to the contrary in this Agreement, rely in all cases on the most recent schedule of payments furnished it by the Employer and the Executive or the Trustee may demand that an updated schedule of benefits be furnished it by the Employer and the Executive. In addition, if the Employer and the Executive fail to provide the Trustee with a proper schedule of benefits within a reasonable time after such demand is made or if a Trust Beneficiary claims and reasonably demonstrates to the satisfaction of the Trustee that such Trust Beneficiary has not received the correct payment under the terms and provisions of the Agreements, the Trustee may also rely on any reasonable information provided to the Trustee in writing by any Trust Beneficiary; provided, however, that such information is disclosed to the Employer and the Employer does not object within five (5) business days. If the Employer does object within such five day period, the Trustee shall retain any disputed amounts pending resolution of the dispute. The Trustee may take such reasonable steps as it, in its sole discretion, deems necessary to verify any claim by any Trust Beneficiary that such Trust Beneficiary has become entitled to

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receive payments under the Agreements and to verify any information provided by such Trust Beneficiary as to the proper amount of such benefits and the manner of payment.

3.2.3 All payments made hereunder in cash shall be by wire transfer to a designated bank or other account maintained

by the Trust Beneficiary to whom such payment is to be made, or, if no wire transfer instructions have been given to the Trustee, mailed by certified check to the last address furnished to the Trustee by such Trust Beneficiary, or, if no address has been furnished by the Trust Beneficiary, to the last address furnished by the Employer. All payments made hereunder in the form of stock or other equity interests shall be deposited in an account designated by the Executive (or any other Trust Beneficiary) and maintained at a brokerage firm selected by the Executive (or any other Trust Beneficiary).

3.2.4. Except as provided in Section 3.2.5, if the Executive has not voluntarily terminated his employment with the Employer without "Good Reason" (as defined in the Employment Agreement) prior to December 2, 1997 (a "Voluntary Termination"), any payments pursuant to this Section 3.2 shall be made without instruction or approval of the Employer and shall be made by the Trustee despite any instruction of the Employer to the contrary. In the event the Executive's termination of employment is finally determined to be a Voluntary Termination prior to December 2, 1997 the Trustee shall return the Trust Fund to the Employer.

3.2.5 In the event of any termination of the Executive's employment prior to December 2, 1999, the Executive or any other Trust Beneficiary shall be entitled to deliver the Trustee an affidavit (the "Conversion Notice") setting forth the level of accelerated convertibility the Executive (or such other Trust Beneficiary) believes is due under the Convertible Units Agreement as a result of the termination of the Executive's employment. A copy of the Conversion Notice shall be delivered to the Employer. Unless the Trustee receives written objection from the Employer within the later of (a) five (5) business days after receipt by the Trustee of such notice and (b) the scheduled payment date, the Trustee shall conclude that the convertibility set forth in the Conversion Notice is correct and shall treat the Units as convertible in accordance with the instructions set forth in the Conversion Notice. If the Employer makes an objection during the period referred to in the preceding sentence, the Trustee shall only retain any disputed amounts in excess of an amount equal to \$43.50, subject to adjustment under Section 8 of the Convertible Units Agreement, multiplied by the then outstanding number of Units which are the subject of and affected by any such dispute pending the resolution of the dispute pursuant to Section 14.7 hereof. The Trustee shall have no responsibility for and shall incur no liability with respect to any payment made pursuant to this Section 3.2.

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3.3 Employer Continues to be Liable for Payments. Notwithstanding that Trust Beneficiaries may from time to time receive payments from the Trust Fund, the Employer shall remain primarily responsible to pay any and all benefits due under the terms and provisions of the Agreements. The Employer may, in its sole discretion, make payment of benefits directly to Trust Beneficiaries as they become due under the terms of the Agreements. The Employer shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to Trust Beneficiaries. The Employer's liability to make the payments to any Trust Beneficiary under the Agreements shall be reduced dollar for dollar to the extent such payments are actually made from the Trust Fund. If the Trust Fund is not sufficient to make one or more payments to any Trust Beneficiary, the Employer shall make such payment or the balance of such payment as it falls due.

3.4 Withholding of Taxes. The Trustee shall commence distributions from the Trust Fund in accordance therewith to the person or persons so indicated therein and shall distribute to the Employer, as directed by the Employer, for remittance to the appropriate taxing authority the amounts of any taxes required to be withheld. The Employer shall have full responsibility for the proper remittance of all withholding taxes to the appropriate taxing authority and shall furnish the Executive or his Beneficiary and the Trustee with the appropriate tax information form reporting the amounts of such distributions and any withholding taxes.

3.5 Other Payment. Except as otherwise provided herein, in the event of any final determination by the Internal Revenue Service or, if the Executive contests such determination by the Internal Revenue Service, a court of competent jurisdiction after December 2, 1997 which determination is not appealable or the time for appeal or protest of which has expired, or the receipt by the Trustee after December 2, 1997 of a substantially unqualified opinion of tax counsel selected by the Trustee and reasonably satisfactory to the Executive, which determination determines, or which opinion opines, that any Trust Beneficiary is subject to Federal income taxation on amounts held in trust hereunder prior to the distribution to the Trust Beneficiary of such amounts, the Trustee shall, on receipt by the Trustee of such opinion or notice of such determination pay to such Trust Beneficiary the portion of the Trust corpus includible in such Trust Beneficiary's Federal gross income and, to the extent only of such payment, the Employer's obligation to the Trust Beneficiary for Benefits under the Agreements shall be satisfied.

#### Section 4. Cessation of Benefit Payments in the Event Employer Becomes Insolvent.

4.1 Insolvency. The Board, the chief executive officer and/or the chief financial officer of the Employer shall have the fiduciary duty and responsibility, and shall be obligated, to give the Trustee prompt written notice in the event that the Employer becomes Insolvent, as defined below. The Employer shall be considered to be "Insolvent" for purposes of this Trust Agreement if (a) the Employer is unable to pay

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debts as they become due; (b) the Employer is subject to a pending proceeding as a debtor under the United States Bankruptcy Code. If so informed, or if the Trustee has determined or has actual knowledge that the Employer is Insolvent, the Trustee shall discontinue the payment of benefits from the Trust Fund, shall hold the assets of the Trust Fund for the benefit of the Employer's general creditors.

4.2 Alleged or Reported Insolvency. If at any time (i) any person claiming to be a creditor of the Employer alleges in writing to the Trustee that the Employer has become Insolvent, or (ii) the Trustee is served with any order, process or paper from which it appears that an allegation to the effect that the Employer is Insolvent has been made in a judicial proceeding, or, the Trustee shall independently determine, within 60 days after receipt of such claim, allegation, notice or knowledge, whether the Employer is Insolvent, and pending such determination, the Trustee shall discontinue the payment of benefits from the Trust Fund, and shall hold the Trust Fund for the benefit of the Employer's creditors. If the Trustee determines that the Employer is Insolvent, the Trustee shall continue to hold the Trust Fund for the benefit of the Employer's creditors and shall deliver the undistributed principal and income in the Trust Fund to satisfy claims of the general creditors only as directed by a court of competent jurisdiction.

4.3 No Trustee Duty of Inquiry. Unless the Trustee has actual knowledge of the Employer's Insolvency, or has received notice from the Employer or a person claiming to be a creditor alleging that the Employer is Insolvent, the Trustee shall have no duty to inquire whether the Employer is Insolvent. The Trustee may in all events rely on such evidence concerning the Employer's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Employer's solvency.

4.4 Trust Assets Used to Satisfy Creditor's Claims. At all times during the continuance of this Trust, the Trust Fund shall be subject to the claims of the general creditors of the Employer to the extent set forth in this Trust Agreement. The Trustee shall not be liable to anyone in the event that the payment of benefits is discontinued pursuant to this Section 4. Nothing in this Trust Agreement shall in any way enlarge or diminish the rights of Trust Beneficiaries in the event the Employer is Insolvent to pursue their rights as general creditors of the Employer with respect to any benefit payments due under the Agreements or otherwise.

4.5 Resumption of Payments to Trust Beneficiaries. The Trustee shall resume payment of benefits from the Trust Fund only upon receipt of an order of a court of competent jurisdiction requiring such payment or upon the Trustee's determination that the Employer is not Insolvent (or is no longer Insolvent); provided, however, that in the event payment of benefits is discontinued by reason of or due to a court order or injunction, the Trustee shall resume payment of benefits only upon receipt of an order of a court of competent jurisdiction authorizing such payment. If the Trustee discontinues payments to the Trust Beneficiaries from the Trust Fund pursuant to Section 4, and subsequently resumes such payments, the first payment to each Trust Beneficiary

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following such discontinuance shall include the aggregate amount of all payments which would have been made to such Trust Beneficiary (together with interest at the rate determined pursuant to Section 1274 of the Code on the amount delayed) in accordance with the terms of this Trust Agreement, less the aggregate amount of any payments made to the Trust Beneficiary by the Employer with respect to the Agreements during such period of discontinuance. In determining the amount so payable, the Trustee may conclusively presume that the Employer has not made any such payment unless, prior to the Trustee making a payment, it has received a written certification by the Employer of the dates on and amounts in which such payments were made. Any such written certification by the Employer shall be subject to verification and confirmation by the appropriate Trust Beneficiaries (which shall not be unreasonably withheld or delayed).

Section 5. Employer's Substitution Rights. In addition to required contributions under Sections 1.2 and 1.7 of this Trust Agreement, the Employer, in its sole discretion, may make periodic contributions to this Trust. The Employer shall also have the right at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for Employer Stock held by the Trust, which right is exercisable by the Employer in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

Section 6. Compensation and Indemnification of Trustee and Payment of Expenses and Taxes.

6.1 Compensation. The Trustee shall receive as its compensation and as reimbursement for its expenses such amounts (and at such times) as shall be agreed upon in writing from time to time between it and the Employer. The Trustee's rights to compensation hereunder shall be preserved in the case of an insolvency of the Employer or other termination of this Agreement, to the fullest extent permitted under local law.

6.2 Indemnification

(a) The Trustee will not be compelled to take any action toward the execution or enforcement of the Trust or to prosecute or defend any suit in respect thereof, unless indemnified against loss, costs, liability and expense or there are sufficient assets in the Trust Fund to provide such indemnity; and the Trustee will be under no liability or obligation to anyone with respect to any failure on the part of the Employer to perform any of the Employer's obligations under the Trust Agreement or the Agreements. Nothing in this Trust Agreement shall be construed as requiring the Trustee to make any payment in excess of amounts held in the Trust Fund at the time of such payment or otherwise to risk the Trustee's own funds.

(b) The Employer hereby agrees to indemnify and hold harmless the Trustee from and against any losses, costs, damages, claims or expenses, including without limitation reasonable attorneys' fees, which the Trustee may incur or pay out in connection with, or otherwise arising out of, either the

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performance by the Trustee of its duties hereunder or the Trustee's status as such, except for any act or omission constituting

negligence or willful misconduct. Any amount payable to the Trustee under Section 6.1 or this Section 6.2(b) and not previously paid by the Employer pursuant to this Trust shall be paid by the Employer promptly upon demand therefor by the Trustee or, if the Trustee so chooses, in its sole discretion, from the Trust Fund. In the event that payment is made hereunder to the Trustee from the Trust Fund, the Trustee shall promptly notify the Employer in writing of the amount of such payment. The Employer agrees that, upon receipt of such notice, it will deliver to the Trustee to be held in the Trust Fund an amount in cash, or marketable securities having a fair market value equal to such amount, or some combination thereof, equal to any payments made from the Trust Fund to the Trustee pursuant to Section 6.1 or this Section 6.2(b). The failure of the Employer to transfer any such amount shall not in any way impair the Trustee's right to indemnification, reimbursement and payment pursuant to Section 6.1 or this Section 6.2(b).

6.3 Trust Expenses. All reasonable expenses of administering the Trust, including, without limitation, advances for or prompt reimbursement of reasonable expenses of counsel, custodians and other agents employed by the Trustee, shall be paid by the Employer.

6.4 Taxes. All taxes of any kind that may be levied or assessed upon the Trust Fund shall be paid by the Employer.

#### Section 7. Records and Valuation.

7.1 Records. The Trustee shall maintain accurate and detailed records and accounts of all investments, receipts, disbursements and other transactions made by it with respect to the Trust Fund. All accounts, books and records relating to the Trust shall be open at reasonable times to reasonable inspection and audit by the Employer and the Trust Beneficiaries. No Trust Beneficiary (in such capacity) shall, however, have access to information about another Trust Beneficiary or his or her interest in the Trust Fund.

7.2 Accounting. The Trustee shall file monthly with the Employer and the Executive a written account setting forth all investments, receipts, disbursements and other transactions made during the preceding month, including, without limitation, a description of all investments and securities purchased and sold with the cost or net proceeds of such purchases or sales and showing all cash, securities and other property held at such time. Upon the expiration of ninety (90) days from the date of filing a monthly or other account, the Trustee shall, to the maximum extent permitted by applicable law, be forever released and discharged from all liability and accountability with respect to all matters set forth therein except with respect to any specific matters as to which the Employer and the Trust Beneficiaries shall within such 90-day period file with the Trustee written objections. No other accounts or reports shall be required to be

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given to the Employer and the Trust Beneficiaries except monthly statements of holdings and transactions or as otherwise stated herein or agreed to in writing by the Trustee.

7.3 Trustee's Right to Judicial Settlement. Nothing contained in this Trust Agreement shall be construed as depriving the Trustee, the Employer or any Trust Beneficiary of the right to have a judicial settlement of the Trustee's accounts and expenses, and upon any proceeding for a judicial settlement of the Trustee's accounts, or for instructions, the only necessary parties thereto in addition to the Trustee shall be the Employer and the Trust Beneficiaries at the time of the commencement of such proceeding.

7.4 Delivery of Records to Successor Trustee. In the event of the removal or resignation of the Trustee, the Trustee shall deliver to the successor Trustee all records which shall be required by the successor Trustee to enable it to carry out the provisions of this Trust Agreement.

#### Section 8. Removal, Resignation and Appointment of Trustee.

8.1 Resignation and Removal of Trustee. The Trustee may resign at any time by delivering written notice thereof to the Employer; provided, however, that no such resignation shall take effect until the earlier of (i) sixty (60) days from the date of delivery of such notice to the Employer, unless such notice period is waived in whole or in part by the Employer or (ii) the appointment of a successor trustee pursuant to Section 8.2. The Trustee may be removed at any time by the Employer by delivering to the Trustee a certified copy of such resolution. Such removal shall take effect upon the later of (i) thirty (30) days from the date of delivery of such resolution, unless such notice period is waived in whole or in part by the Trustee or (ii) the appointment of a successor trustee pursuant to Section 8.2. Anything to the contrary notwithstanding, the Trustee shall continue to serve as trustee, and to receive its compensation and reimbursement of its expenses, until its successor is appointed and accepts the trust and receives delivery of the Trust Fund.

8.2 Successor Trustee. Upon the resignation or removal of the Trustee, a successor trustee shall be appointed by the Employer, and such appointment shall take effect upon the delivery to the Trustee of (a) a written appointment of such successor trustee, duly executed by the Employer, and (b) a written acceptance by such successor trustee, duly executed by an authorized officer; provided, however, that such appointment shall be effective only with the written consent of the Trust Beneficiaries under the Trust. If, in such case, the Employer and the Trust Beneficiaries are unable to agree upon a successor trustee within sixty (60) days after such notice, the Trustee shall be entitled, at the sole expense of the Employer, to petition a United States District Court in New York City or any of the Courts of the State of New York having jurisdiction to appoint its successor in accordance with this Section 8.2. Such successor trustee shall be a commercial bank or trust company which is established under the laws of the United States or a State within the United States and which is not an affiliate of the Employer.

Any successor trustee shall have all the rights, powers and duties granted the Trustee hereunder. Upon the resignation or removal of the Trustee and the appointment of a successor trustee, and after the acceptance and approval of its account, the Trustee shall transfer and deliver the Trust Fund to such successor. Under no circumstances shall the Trustee transfer or deliver the Trust Fund to any successor which is not a bank or trust company as hereinabove defined.

Section 9. Enforcement of Trust Agreement and Legal Proceedings. The Employer shall have the right to enforce any provision of this Trust Agreement, and, subject to the terms and provisions of this Trust Agreement, any Trust Beneficiary shall have the right as a beneficiary of the Trust to enforce any provision of this Trust Agreement that affects the rights or interests, if any, of such Trust Beneficiary in the Trust. Except as may otherwise be set forth herein, in any actions or proceedings affecting the Trust, the only necessary parties shall be the Employer, the Trust Beneficiaries, and the Trustee and, except as otherwise required by applicable law, no other person shall be entitled to any notice or service of process. Any judgment entered in such an action or proceeding shall to the maximum extent permitted by applicable law be binding and conclusive upon all persons having or claiming to have any interest in the Trust. Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition without invalidating the remaining provisions hereof.

Section 10. Termination of Trust. The Trust shall terminate when all amounts payable under the Agreements have been paid to the Trust Beneficiaries or the Trust Fund has been exhausted; provided, however, that the Trust shall terminate in any event upon the expiration of twenty-one (21) years after the death of the last survivor of the group of persons consisting of all employees of the Employer who are living on the date of the execution of this Trust Agreement. Trust assets then remaining, if any, shall be paid by the Trustee to the Employer. Upon completing such payment, the Trustee shall be relieved and discharged of all liabilities and obligations hereunder. The powers of the Trustee shall continue as long as any part of the Trust Fund remains in its possession.

Section 11. Right to Amend. This Trust Agreement may be amended by a written instrument executed by the Trustee and the Employer; provided, however, that no such amendment shall be permitted if it would (a) cause the Trust to be revocable or to cease to constitute a grantor trust under the Code, or (b) be in conflict in any way or manner with the terms of the Agreements and/or adversely affect in any way or manner any Trust Beneficiary (without the prior express written consent of the Trust Beneficiaries)

Section 12. Non-Alienation. Except insofar as applicable law may otherwise require, and subject to Section 4, (i) no amount payable to any Trust Beneficiary at any time under the Trust and no interest in the Trust shall be subject in any manner to alienation by anticipation, sale, transfer, disposition, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind, and any attempt to so alienate,

sell, transfer, dispose, assign, pledge, attach, charge or otherwise encumber any such amount, whether presently or thereafter payable, shall be void; and (ii) the Trust Fund shall in no manner be liable for or subject to the debts or liabilities of any Trust Beneficiary.

Section 13. Communications.

13.1 Communications to the Employer. Communications to the Employer shall be addressed to both the Chairman of the Board and the chief financial officer of Vornado Realty Trust, at the address set forth above or otherwise communicated to the Trustee (with a copy to Sullivan & Cromwell, 125 Broad Street, NY, NY, Attn: Janet Geldzahler, Esq.); provided, however, that upon the Employer's written request, such communication shall be sent to other persons and/or addresses as the Employer may specify.

13.2 Communications to the Trustee. Communications to the Trustee shall be addressed to the Trustee at its principal place of business; provided, however, that upon the Trustee's written request, such communications shall be sent to such other person or persons and/or addresses as the Trustee may specify. No communication shall be binding on the Trustee until it is received by the Trustee.

13.3 Communications to Trust Beneficiaries. Communications to a Trust Beneficiary shall be addressed to that individual at the last address provided by the Trust Beneficiary to the Trustee (or, if no address has been provided by the Trust Beneficiary, to the last address provided by the Employer)

13.4 Requirement of a Writing. Any action by the Employer pursuant to this Trust Agreement, including, without limitation, all communications, requests, notices, instructions, approvals and objections of the Employer to the Trustee, shall be in writing, signed on behalf of the Employer by any duly authorized agent or legal representative of the Employer and a copy shall be provided to the Trust Beneficiaries. Any action by a Trust Beneficiary shall be in writing signed by the Trust Beneficiary and shall be witnessed by a notary public. The Trustee may rely on, and will be fully protected with respect to any action taken or omitted in reliance on, any information, communication, request, notice, instruction, approval, objection or list delivered to the Trustee by the Employer and the Executive or, to the extent applicable under this Trust Agreement, by a Trust Beneficiary.

Section 14. Miscellaneous.

14.1 Binding on Successors and Assigns. This Trust Agreement shall be binding upon and inure to the benefit of the Employer and the Trustee and their respective successors and assigns.

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14.2 Trustee Not Responsible for Actions of Others. The Trustee assumes no obligation or responsibility with respect to any action required by this Trust Agreement on the part of the Employer.

14.3 Information on Trust Beneficiaries. Each Trust Beneficiary shall file with the Trustee such pertinent information concerning such Trust Beneficiary and any other person as the Trustee shall reasonably demand and specify. The Trustee may rely and shall be fully protected in relying on any information provided by a Trust Beneficiary pursuant to this Section 14.3.

14.4 Merger or Reorganization of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger, reorganization or consolidation to which the Trustee may be a party or any corporation to which all or substantially all the trust business of the Trustee may be transferred shall be the successor of the Trustee hereunder without the execution or filing of any instrument or the performance of any act.

14.5 Titles to Sections. Titles to the Sections in this Trust Agreement are included for convenience only and shall not control the meaning or interpretation of any provision of this Trust Agreement. Any capitalized terms not specifically defined in this Agreement shall have the meaning ascribed thereto in the Employment Agreement.

14.6 Governing State Law. The Trust Agreement and the Trust established hereunder shall be governed by, and construed, enforced and administered in accordance with, the laws of the State of New York without reference to principles of conflicts of law and the Trustee shall be liable to account only in the federal and/or state courts of the State of New York.

14.7 Arbitration. Any dispute between or among any Trust Beneficiary, the Employer and/or the Trustee as to the interpretation or application of the provisions of this Trust and/or amounts payable hereunder shall be determined exclusively by binding arbitration in the City of New York, in the State of New York, and, except as provided herein, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. All fees and expenses of such arbitration shall be promptly paid or reimbursed by the Employer.

14.8 Execution in Counterparts. This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original (although the others are not produced), but all of which shall together constitute only one trust agreement.

14.9 Effective Date. The effective date of this Trust Agreement shall be December 2, 1996.

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

Vornado Realty Trust

ATTEST:

By: /s/ Steven Roth

\_\_\_\_\_  
Name: Steven Roth  
Title: Chief Executive Officer

THE CHASE MANHATTAN

ATTEST:

By: /s/ William P. Barrosch

\_\_\_\_\_  
Name: William P. Barrosch  
Title: Vice President



FIRST AMENDMENT  
TO THE  
TRUST AGREEMENT  
BETWEEN  
VORNADO REALTY TRUST  
AND  
JP MORGAN CHASE BANK

\* \* \* \* \*

THIS FIRST AMENDMENT AGREEMENT, dated September 17, 2002, is made by and between Vornado Realty Trust, a Maryland real estate investment trust, having its principal offices at 888 Seventh Avenue, New York, New York 10019 (the "Employer"), and JP Morgan Chase Bank, a New York banking corporation, and a wholly-owned subsidiary of JP Morgan Chase & Company, having offices located at 270 Park Avenue, New York, New York 10017-2070 (the "Trustee").

WHEREAS, the Employer and the Trustee have entered into a grantor Trust Agreement, dated as of December 2, 1996 (the "Trust Agreement"), pursuant to which certain property is currently being held in trust for the benefit of the beneficiaries thereunder, Mr. Michael Fascitelli (the "Executive") and/or his designated beneficiaries; and

WHEREAS, the Employer and the Executive have entered into (a) an employment agreement, dated as of March 8, 2002, and (b) the 2002 Units Agreement, dated as of March 8, 2002 (the "2002 Units Agreement"), pursuant to which the Executive deferred the receipt of an amount of compensation set forth in the 2002 Units Agreement; and

WHEREAS, the Executive and the Employer each desire and intend to amend the Trust Agreement in order to contribute additional property to accumulate the additional amounts necessary to satisfy the Employer's obligations to the Executive under the 2002 Units Agreement; and

WHEREAS, the Trustee is willing to enter into this First Amendment Agreement to effect the desire and intention of the Employer and the Executive;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and those contained in the Trust Agreement, the Employer and the Trustee agree as follows:

1. Effective on the date hereof; the first WHEREAS clause of the Trust Agreement is hereby amended in its entirety to read as follows:

"WHEREAS, the Employer has entered into (i) an Employment Agreement (the "Employment Agreement"), dated December 2, 1996 (a copy of which is attached hereto as Exhibit A), (ii) a Deferred Compensation Agreement dated as of December 2, 1996 (the "Deferred Compensation Agreement") (a copy of which is attached hereto as Exhibit B), (iii) a Convertible Units Agreement dated as of December 2, 1996 (the "Convertible Units Agreement") (a copy of which is attached hereto as Exhibit C), (iv) a 2002 Units Agreement dated as of March 8, 2002 (the "2002 Units Agreement") (a copy of which is attached hereto as Exhibit C-1), and (v) an Employment Agreement (the "2002 Employment Agreement"), dated January 1, 2002, which supercedes the Employment Agreement in its entirety (a copy of the 2002 Employment Agreement is attached hereto as Exhibit C-2), under which agreements the Employer has agreed to provide certain deferred compensation benefits specified therein to Mr. Michael D. Fascitelli (the "Executive"), and, in order to accumulate the amounts necessary to satisfy the obligations of the Employer under the Deferred Compensation Agreement, the Convertible Units Agreement and the 2002 Units Agreement, the Employer wishes to establish an irrevocable grantor trust under this Trust Agreement (the "Trust");

2. Effective on the date hereof, the second WHEREAS clause of the Trust Agreement is hereby amended in its entirety to read as follows:

"WHEREAS, the Deferred Compensation Agreement, the Convertible Units Agreement and the 2002 Units Agreement, are sometimes referred to collectively herein as the "Agreements"; and"

3. Effective on the date hereof, Section 1.2 of the Trust Agreement is hereby amended in its entirety to read as follows:

"1.2 Trust Fund. Subject to the terms and provisions of this Trust Agreement, the Trustee hereby acknowledges its receipt from the Employer of (i) (a) Five Million Dollars \$5,000,000.00 in cash (the "Cash Deposit"), and (b) in respect of the Convertible Units Agreement, Four hundred fifty nine thousand seven hundred and seventy (459,770) validly issued, fully paid and non-assessable common shares of beneficial interest, par value \$0.04 per share (the "Employer Stock"), of the Employer (the "Stock Deposit") as an initial contribution, together with the Cash Deposit, to the Trust pursuant to the Deferred Compensation Agreement and the Convertible Units Agreement, and (ii) Six hundred twenty six thousand five hundred sixty-six (626,566) shares of the Employer Stock (the "2002 Stock Deposit") as an additional contribution to the Trust pursuant to the 2002 Units Agreement, and the Trustee also hereby agrees to accept additional sums of money and other property acceptable to the Trustee as contributions to

the Trust as from time to time shall be paid or delivered to the Trustee by the Employer. All such money and other property, together with the income thereon and increments thereto, shall constitute the trust fund (the "Trust Fund") to be held in accordance with the terms of this Trust Agreement."

4. Effective on the date hereof; Section 2.2 of the Trust Agreement is hereby amended in its entirety to read as follows:

"2.2 Authority Over Investment. Subject to the following provisions of this Section 2.2, the Trustee shall have discretion with respect to the investment of the Trust Fund at all times; provided, however, that (a) the Trustee shall, first in respect of the Cash Deposit, invest, unless the Executive directs otherwise, the Trust Funds in United States of America government securities, money market funds, and/or money market deposits (including deposits issued by the Trustee) all having a maturity of not more than one year, in all cases, subject to the fiduciary duty of the Trustee under New York State Law not to commit a breach of trust, (b) the Trustee shall, in respect of the Stock Deposit and the 2002 Stock Deposit, follow the directions of the Employer, subject to the fiduciary duty of the Trustee under New York State Law not to commit a breach of trust, (c) whenever the Trustee does not, in exercising its investment power hereunder, (i) in the case of the Cash Deposit, follow the directions of the Executive, or (ii) in the case of the Stock Deposit or the 2002 Stock Deposit, follow the directions of the Employer, the Trustee shall submit its proposed investment for the approval of the Chief Financial Officer of the Employer (the "CFO") and the CFO shall have the authority to reject any proposed investment that the CFO determines in good faith would create a reasonable likelihood that (1) the Employer would fail to qualify as a real estate investment trust (a "REIT") for federal income tax purposes in any taxable year, (2) the Employer would be subject to an excise tax, including the excise tax on "prohibited transactions" described in Section 857(a) of the Internal Revenue Code of 1986, as amended (the "Code"), or (3) an excess inclusion would be allocated to the Employer's shareholders under Section 860E(d) of the Code, and (d) the CFO shall have the authority to require the disposition and reinvestment of any investment selected by the Trustee the continued ownership of which the CFO determines in good faith would create a reasonable likelihood of the occurrence of an event described in clause (c)(1), (2) or (3)."

5. Effective on the date hereof, Section 3.2.4 of the Trust Agreement is hereby amended in its entirety to read as follows:

"3.2.4 Any payments pursuant to this Section 3.2 in respect of the Deferred Compensation Agreement and the Convertible Units Agreement shall be made without instruction or approval of the Employer and shall be made by the Trustee despite any instruction of the Employer to the contrary. If the Executive has not voluntarily terminated his employment with the Employer without "Good

Reason" (as defined in the 2002 Employment Agreement) prior to December 31, 2002 (a "Voluntary Termination"), any payments pursuant to this Section in 3.2 in respect of the 2002 Units Agreement shall also be made without instruction or approval of the Employer and shall be made by the Trustee despite any instruction of the Employer to the contrary. In the event the Executive's termination of employment is finally determined to be such a Voluntary Termination prior to December 31, 2002 the Trustee shall return the portion of the Trust Fund which relates only to the 2002 Units Agreement to the Employer."

6. Effective on the date hereof, Section 3.2.5 of the Trust Agreement is hereby amended in its entirety to read as follows:

"3.2.5 The Employer acknowledges that the Convertible Units Agreement is 100% convertible by the Executive."

7. Effective on the date hereof, Section 13.1 of the Trust Agreement is hereby amended in its entirety to read as follows:

"13.1 Communications to the Employer. Communications to the Employer shall be addressed to both the Chairman of the Board and the chief financial officer of Vornado Realty Trust, at the address set forth above or otherwise communicated to the Trustee (with a copy to Sullivan & Cromwell, 125 Broad Street, New York, New York, Attn: William G. Farrar, Esq.); provided, however, that upon the Employer's written request, such communication shall be sent to other persons and/or addresses as the Employer may specify."

8. Effective on the date hereof, Section 13.3 of the Trust Agreement is hereby amended in its entirety to read as follows:

"13.3 Communications to Trust Beneficiaries. Communications to a Trust Beneficiary shall be addressed to that individual at the last address provided by the Trust Beneficiary to the Trustee (or, if no address has been provided by the Trust Beneficiary, to the last address provided by the Employer) (with a copy to Dechert, 30 Rockefeller Plaza, New York, New York 10112, Attn: Stephen W. Skonieczny, Esq.)"

9. Except as set forth above, all other terms and provisions of the Trust Agreement, as in effect immediately prior to the date hereof, remain unchanged and applicable to the Employer and the Trustee.

10. This First Amendment Agreement may be executed in counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto executed this FIRST AMENDMENT AGREEMENT on the date first above written.

Vornado Realty Trust

By: /s/ Steven Roth

Name: Steven Roth

Title: Chief Executive Officer

JP Morgan Chase Bank

By: /s/ Scott P. Callahan

Name: Scott P. Callahan

Title: Assistant Vice President