

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

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 2)*

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

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

May 29, 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 ss.ss. 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 ss. 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 10

SEC 1746 (03-00)

SCHEDULE 13D

CUSIP NO. 929042109

PAGE 2 OF 10 PAGES

1 NAME OF REPORTING PERSONS.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
INTERSTATE PROPERTIES

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(A)
(B)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
NEW JERSEY

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 8,943,000
	8	SHARED VOTING POWER
	9	SOLE DISPOSITIVE POWER 8,943,000
	10	SHARED DISPOSITIVE POWER

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
8,943,000

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
8.4%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
PN

SCHEDULE 13D

CUSIP NO. 929042109

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1 NAME OF REPORTING PERSONS.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
STEVEN ROTH

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(A)
(B)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
UNITED STATES

	7	SOLE VOTING POWER 5,907,800
NUMBER OF SHARES	8	SHARED VOTING POWER 8,943,000
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	9	SOLE DISPOSITIVE POWER 5,907,800
	10	SHARED DISPOSITIVE POWER 8,943,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
14,850,800

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
13.5%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
IN

SCHEDULE 13D

CUSIP NO. 929042109

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1 NAME OF REPORTING PERSONS.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
RUSSELL B. WIGHT, JR.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(A)
(B)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
UNITED STATES

	7	SOLE VOTING POWER 856,800
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER 8,943,000
	9	SOLE DISPOSITIVE POWER 856,800
	10	SHARED DISPOSITIVE POWER 8,943,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
9,799,800

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
9.2%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
IN

SCHEDULE 13D

CUSIP NO. 929042109

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1 NAME OF REPORTING PERSONS.
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
DAVID MANDELBAUM

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(A)
(B)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
UNITED STATES

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 1,818,998
	8	SHARED VOTING POWER 8,943,000
	9	SOLE DISPOSITIVE POWER 1,818,998
	10	SHARED DISPOSITIVE POWER 8,943,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
10,761,998

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
10.1%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
IN

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

ITEM 1. SECURITY AND ISSUER.

Item 1 is hereby amended by deleting the text ", which has its principal executive offices at Park 80 West, Plaza II, Saddle Brook, NJ 07663" and adding the following sentence as the last sentence thereof:

The principal executive offices of the Company are located at 888 Seventh Avenue, New York, New York 10019.

ITEM 2. IDENTITY AND BACKGROUND.

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

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

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a)-(b) On October 20, 1997, the Company paid a 100% Share dividend to its shareholders. The holdings of Interstate and Mr. Roth, Mr. Wight and Mr. Mandelbaum were adjusted to reflect this two-for-one split of the Shares. Subsequent to such time, Interstate has made distributions of Shares to its partners, including as further described below in Item 5(c) of this Amendment No. 2. Additionally, each of the charitable foundations established by Mr. Roth and Mr. Wight, respectively, described further below, has made dispositions of Shares, and Mr. Wight has contributed Shares to the charitable foundation established by him.

The Company has also granted to Mr. Roth options under the Company's 1993 Omnibus Share Plan to purchase Shares, which have now vested, as compensation for his services as Chief Executive Officer of the Company.

On May 29, 2002, each of Messrs. Roth and Wight sold Shares pursuant to Rule 144 ("Rule 144") promulgated under the Securities Act of 1933, as amended, as further described below in Item 5(c) of this Amendment No. 2.

As of the close of business on May 29, 2002, Interstate owned in the aggregate 8,943,000 Shares, which constitutes approximately 8.4% of the outstanding Shares, based on approximately 106,663,517 of such Shares outstanding on May 17, 2002. As general partners of Interstate, Messrs. Roth, Wight and Mandelbaum may be deemed to share the power to vote or to direct the vote or to dispose or to direct the disposition of the 8,943,000 Shares held by Interstate. Subject to the pledge agreement (described in Item 6 of Amendment No.1), as modified as described in Item 6 of

this Amendment No.2, each partner has the sole power to vote or to direct the vote and to dispose or to direct the disposition of the Shares held by each partner directly or in such partner's charitable foundation.

On May 29, 2002, Mr. Roth owned directly 5,855,000 Shares (which includes options for 3,505,000 Shares) and had the right to vote and dispose of 52,800 Shares held in a charitable foundation, for an aggregate of 14,850,800 or 13.5% of the outstanding Shares, which amount includes the Shares held by Interstate. On May 29, 2002, Mr. Wight owned directly 805,000 Shares and had the right to vote and dispose of 51,800 Shares held in a charitable foundation, for an aggregate of 9,799,800, or 9.2% of the outstanding Shares, which amount includes the Shares held by Interstate. On May 29, 2002, Mr. Mandelbaum owned 1,818,998 Shares directly, for an aggregate of 10,761,998 Shares, or 10.1% of the outstanding Shares, which amount includes the Shares held by Interstate. While Interstate and its partners may be considered a group, Interstate disclaims any beneficial ownership of the Shares held by its partners individually and each partner disclaims any beneficial ownership of the Shares held individually by the other partners. The aggregate beneficial ownership of Interstate and its three partners is 17,526,598 Shares, or 15.9% of the outstanding Shares.

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

On April 12, 2002, the charitable foundation established by Mr. Wight sold 5,000 Shares at a price of \$46.25 per Share. This sale was effected by the charitable foundation in a brokerage transaction on the New York Stock Exchange ("NYSE").

On May 29, 2002, Interstate made a distribution to its partners of 3,500,000 Shares in the aggregate, with no partner receiving in excess of his economic interest in Interstate's assets.

On May 29, 2002, Mr. Wight sold 650,000 Shares to a market maker pursuant to Rule 144 at a net sale price of \$43.90 per Share in a transaction on the NYSE.

On May 29, 2002, Mr. Roth sold 650,000 Shares to a market maker pursuant to Rule 144 at a net sale price of \$43.90 per Share in a transaction on the NYSE.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

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

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, Mr. Roth, Michael D. Fascitelli, the Company's President and a member of the Company's Board of Trustees, and Interstate, who collectively beneficially own, as of May 29, 2002, Shares representing 17.5% of the outstanding Shares, have 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, each as of January 1, 2002, and Robert P. Kogod, a member of the Company's Board of Trustees as of January 1, 2002, and Charles E. Smith Commercial Realty L.L.C., dated as of December 31, 2001 (the "Voting Agreement"), pursuant to which they are obligated to vote all of the 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 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. units 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. Roth, Mr. Fascitelli 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 4.

In addition, by letter agreement dated May 29, 2002, between the Company and Mr. Roth, the Company has released the Shares from the pledge agreement described in Item 6 of Amendment No. 1, and Mr. Roth has pledged options to purchase Shares, or such other collateral satisfactory to the Company, subject to the terms and conditions of the pledge agreement. See Exhibit 5 filed in connection with this Amendment No. 2.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Item 7 is hereby amended by adding the following items to the list of exhibits contained therein:

- Exhibit 4 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.
- Exhibit 5 Letter Agreement, dated May 29, 2002, from Vornado Realty Trust to Steven Roth.
- Exhibit 6 Agreement of Joint Filing, dated as of May 29, 2002, among Interstate Properties, Steven Roth, Russell B. Wight and David Mandelbaum.

SIGNATURES

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

DATED: May 29, 2002

INTERSTATE PROPERTIES

By: /s/ STEVEN ROTH

Name: Steven Roth
Title: Managing General Partner

STEVEN ROTH

/s/ STEVEN ROTH

Name: Steven Roth

RUSSELL B. WIGHT, JR.

/s/ RUSSELL B. WIGHT, JR.

Name: Russell B. Wight, Jr.

DAVID MANDELBAUM

/s/ DAVID MANDELBAUM

Name: David Mandelbaum

EXHIBIT INDEX

Exhibit Number	Description
4	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.
5	Letter Agreement, dated May 29, 2002, from Vornado Realty Trust to Steven Roth.
6	Agreement of Joint Filing, dated as of May 29, 2002, among Interstate Properties, Steven Roth, Russell B. Wight and David Mandelbaum.

EXECUTION COPY

VOTING AGREEMENT

VOTING AGREEMENT (this "Agreement"), dated as of December 31, 2001, by and among certain undersigned shareholders (each a "Shareholder" and collectively, the "Shareholders") of Vornado Realty Trust, a Maryland real estate investment trust (the "Vornado REIT"), Robert H. Smith ("Mr. Smith"), Robert P. Kogod ("Mr. Kogod"), and SCR GP (as defined below), as the Representative. Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Merger Agreement (as defined below).

WHEREAS, pursuant to that certain Agreement and Plan of Merger, dated as of October 18, 2001, among Vornado REIT, Vornado Realty L.P., a Delaware limited partnership (the "Vornado OP"), Vornado Merger Sub L.P., a Delaware limited partnership, Charles E. Smith Commercial Realty, L.P., a Delaware limited partnership ("SCR"), Charles E. Smith Commercial Realty L.L.C., a Delaware limited liability company and the sole general partner of SCR ("SCR GP"), Robert H. Smith ("Mr. Smith"), Robert P. Kogod ("Mr. Kogod"), and Charles E. Smith Management, Inc., a District of Columbia corporation ("SMI") (the "Merger Agreement"), the Vornado OP will acquire SCR;

WHEREAS, each Shareholder currently exercises direct or indirect voting control over the number of common shares of beneficial interest, \$.04 par value per share, of Vornado REIT ("Common Shares") set forth opposite such Shareholder's name on Schedule 1 hereto; and

WHEREAS, in order to induce SCR to enter into the Merger Agreement and to consummate the Merger in accordance with the terms thereof, each Shareholder has agreed, upon the terms and subject to the conditions set forth herein, to vote such Shareholder's Shares (as defined below) in favor of the election of Mr. Smith (or a Smith Designee (as defined below)) and Mr. Kogod (or a Kogod Designee (as defined below)) to the Board of Trustees of Vornado REIT.

NOW, THEREFORE, for good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations of the Shareholders. Each Shareholder represents and warrants to each of SCR GP, Messrs. Smith and Kogod that (a) such Shareholder exercises exclusive voting control over such Shareholder's Shares and, except as set forth on Schedule 1 hereto or as contemplated by this Agreement, there are no rights, agreements, arrangements or commitments of any character to which such Shareholder is a party relating to the pledge, disposition or voting of any of such Shareholder's Shares and there are no voting trusts or voting

agreements with respect to such Shareholder's Shares, (b) such Shareholder is duly authorized to execute and deliver this Agreement, and (c) this Agreement is a valid and binding obligation of such Shareholder enforceable against such Shareholder in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and by general equitable principles.

2. Agreement to Vote Shares.

(a) Subject to the terms and conditions of this Agreement, each Shareholder agrees during the term of this Agreement to vote, or cause to be voted, such Shareholder's Shares in favor of the election of (i) Mr. Smith (or, to the extent that Mr. Smith or the Smith Family (as defined in the Merger Agreement) is entitled, pursuant to the Merger Agreement, to nominate a Smith Designee (as defined in the Merger Agreement), a Smith Designee) to the Board of Trustees of Vornado REIT at every meeting of the shareholders of Vornado REIT at which such matter is considered and at every adjournment thereof for at least two consecutive three-year terms (the "Minimum Term"), and (ii) Mr. Kogod (or, to the extent that Mr. Kogod or the Kogod Family (as defined in the Merger Agreement) is entitled, pursuant to the Merger Agreement, to nominate a Kogod Designee (as defined in the Merger Agreement), a Kogod Designee) to the Board of Trustees of Vornado REIT at every meeting of the shareholders of Vornado REIT at which such matter is considered and at every adjournment thereof for at least the Minimum Term; provided, however, that Messrs. Smith and Kogod shall resign from the Board of Trustees of Vornado REIT on or after the 6th anniversary of

the date of their initial appointment to the Board of Trustees of Vornado REIT unless otherwise requested by Vornado to remain on the Board of Trustees of Vornado REIT after such date. For all purposes of this Agreement, with respect to any Shareholder, "Shares" shall mean those Common Shares, if any, held of record or beneficially owned by and for the account of such Shareholder from time to time, including those Common Shares acquired after the date of this Agreement, during the term of this Agreement or over which such Shareholder exercises voting control.

(b) The Shareholder's obligation to vote, or cause to be voted, such Shareholder's Shares in favor of the election of Mr. Smith (or, if applicable, a Smith Designee) or Mr. Kogod (or, if applicable, a Kogod Designee) to the Board of Trustees of Vornado REIT, as the case may be, pursuant to Section 2(a) of this Agreement shall terminate with respect to the first to die of either Mr. Smith or Mr. Kogod (but such obligation shall continue with respect to the survivor of either Mr. Smith or Mr. Kogod, as the case may be).

(c) Upon the death of both Messrs. Smith and Kogod, any person who is appointed or nominated jointly by the Smith Family and the Kogod Family pursuant to Section 4.3(c) of the Merger Agreement (the "Joint Nominee") to the Board of Trustees of Vornado REIT shall continue to serve as a trustee and each

Shareholder shall vote such Shareholder's Shares in favor of the election of the Joint Nominee at every meeting of the shareholders of Vornado REIT at which such matter is considered and at every adjournment thereof for the Minimum Term.

3. No Voting Trusts. Each Shareholder agrees that such Shareholder will not, nor will such Shareholder permit any Affiliate (as defined below) to, deposit any of such Shareholder's Shares in a voting trust or grant any proxies or otherwise subject any of such Shareholder's Shares to any right, agreement, arrangement or commitment with respect to the voting of such Shares inconsistent with the express terms of this Agreement; provided, however, that, subject to Section 4, nothing herein shall be deemed to restrict any Shareholder's right or ability to sell, transfer, pledge or otherwise dispose of or encumber any of such Shareholder's Shares at any time.

4. Disposition of Shares. Nothing contained herein shall be deemed to require any Shareholder to own or hold beneficially or of record any Common Shares or impose any limitation on any Shareholder's right or ability to sell, transfer, pledge or otherwise dispose of or encumber any of such Shareholder's Shares at any time; provided, however, that each Shareholder agrees that such Shareholder shall not transfer such Shareholder's Shares to an Affiliate of such Shareholder unless such Affiliate agrees prior to such transfer to be bound by all of the terms and conditions of this Agreement by executing a counterpart signature page to this Agreement and delivering the same to each of Messrs. Smith and Kogod. As used herein, "Affiliate," with respect to a Shareholder, shall mean (i) an entity more than fifty percent (50%) of the voting interests of which are held, directly or indirectly, beneficially or of record by such Shareholder and (ii) in the case of a Shareholder that is a natural person, such Shareholder's spouse and children, if any, and any trust substantially all the beneficiaries of which are such Shareholder, his spouse and/or his children.

5. Specific Performance. Each party hereto acknowledges that it will be impossible to measure in money the damage to the other party if a party hereto fails to comply with the obligations imposed by this Agreement and that, in the event of any such failure, the other party will not have an adequate remedy at law or in damages. Accordingly, each party hereto agrees that injunctive relief or other equitable remedy, in addition to remedies at law or damages, is the appropriate remedy for any such failure and will not oppose the granting of such relief on the basis that the other party has an adequate remedy at law. Each party hereto agrees that it will not seek, and agrees to waive any requirement for, the securing or posting of a bond in connection with any other party's seeking or obtaining such equitable relief.

6. Term of Agreement; Termination. The term of this Agreement shall commence on the date hereof, and such term and this Agreement shall terminate upon the earlier to occur of (i) six (6) years following the Effective Time or

(ii) the date on which both a Smith Designee and a Kogod Designee are no longer entitled to be nominated to, and sit on, the Board of Trustees of Vornado REIT under the Merger Agreement and this Agreement. Upon such termination, no party shall have any further obligations or liabilities hereunder; provided, that such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

7. Entire Agreement. This Agreement supersedes all prior agreements, written or oral, among the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This Agreement may not be amended, supplemented or modified, and no provisions hereof may be modified or waived, except by an instrument in writing signed by all parties hereto. No waiver of any provisions hereto by any party shall be deemed a waiver of any other provisions hereof by any such party, nor shall any such waiver be deemed a continuing waiver of any provisions hereof by such party.

8. Notices. All notices, requests, claims, demands or other communications hereunder shall be in writing, and shall be deemed given when delivered personally, upon receipt of a transmission confirmation if sent by telecopy or like transmission and on the next business day when sent by Federal Express, Express Mail or other reputable overnight courier service to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Shareholders, to:

Mr. Steven Roth
c/o Vornado Realty Trust
888 Seventh Avenue, 46th Floor
New York, New York 10019
Telecopy: (212) 894-7979

Mr. Michael Fascitelli
c/o Vornado Realty Trust
888 Seventh Avenue, 46th Floor
New York, New York 10019
Telecopy: (212) 894-7979

Interstate Properties
c/o Vornado Realty Trust
888 Seventh Avenue, 46th Floor
New York, New York 10019
Attention: Mr. Steven Roth
Telecopy: (212) 894-7979

With a copy (which shall not constitute notice) to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004
Attention: Joseph Shenker
 Gerald Shepherd
Telecopy: (212) 558-3588

If to Mr. Smith, to:

Mr. Robert H. Smith
c/o Charles E. Smith Commercial Realty L.L.C.
2345 Crystal Drive
Crystal City
Arlington, Virginia 22202
Telecopy: (703) 769-1305

With a copy (which shall not constitute notice) to:

Hogan & Hartson L.L.P.
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Attention: J. Warren Gorrell, Jr.
 Bruce W. Gilchrist
Telecopy: (202) 637-5910

If to Mr. Kogod, to:

Mr. Robert P. Kogod
c/o Charles E. Smith Commercial Realty L.L.C.
2345 Crystal Drive
Crystal City
Arlington, Virginia 22202
Telecopy: (703) 769-1305

With a copy (which shall not constitute notice) to:

Hogan & Hartson L.L.P.
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Attention: J. Warren Gorrell, Jr.
 Bruce W. Gilchrist
Telecopy: (202) 637-5910

If to SCR GP, to:

Charles E. Smith Commercial Realty L.L.C.
2345 Crystal Drive
Crystal City
Arlington, Virginia 22202
Telecopy: (703) 769-1305
Attention: Robert H. Smith
 Robert P. Kogod

With a copy (which shall not constitute notice) to:

Hogan & Hartson L.L.P.
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Attention: J. Warren Gorrell, Jr.
 Bruce W. Gilchrist
Telecopy: (202) 637-5910

9. Miscellaneous.

(a) THIS AGREEMENT SHALL BE DEEMED A CONTRACT MADE UNDER, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PRINCIPLES.

(b) If any provision of this Agreement or the application of such provision to any person or circumstances shall be held invalid or unenforceable by a court of competent jurisdiction, such provision or application shall be unenforceable only to the extent of such invalidity or unenforceability, and the remainder of the provision held invalid or unenforceable and the application of such provision to persons or circumstances, other than the party as to which it is held invalid, and the remainder of this Agreement, shall not be affected.

(c) This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(d) All Section headings herein are for convenience of reference only and are not part of this Agreement, and no construction or reference shall be derived therefrom.

(e) Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the parties without the priorwritten consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by and against, the parties and their respective successors and assigns.

* * * * *

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

/s/ STEVEN ROTH

Steven Roth

/s/ MICHAEL FASCITELLI

Michael Fascitelli

Interstate Properties

By: Steven Roth, its general partner

/s/ STEVEN ROTH

Name: Steven Roth
Title: General Partner

/s/ ROBERT H. SMITH

Robert H. Smith

/s/ ROBERT P. KOGOD

Robert P. Kogod

Charles E. Smith Commercial Realty L.L.C.

/s/ ROBERT H. SMITH

Name: Robert H. Smith
Title: Co-Chief Executive Officer

[VORNADO REALTY TRUST LETTERHEAD]

May 29, 2002

Mr. Steven Roth
 Chairman and CEO
 Vornado Realty Trust
 888 7th Avenue
 New York, NY

Dear Mr. Roth:

Reference is made to that certain Stock Pledge Agreement, dated December 29, 1992, by Steven Roth and Vornado, Inc. (predecessor-in-interest to Vornado Realty Trust) (the "Stock Pledge Agreement") pursuant to which you granted to Vornado Realty Trust, a security interest in and a pledge and assignment of certain common shares of beneficial interest of Vornado Realty Trust, par value \$0.04 per share (the "Common Shares"), owned by you.

This letter evidences our mutual understanding to release the Common Shares subject to the Stock Pledge Agreement to you, free of all security interests or other encumbrances created by the Stock Pledge Agreement, and for you to pledge options to purchase Common Stock or other satisfactory collateral, subject to the terms and conditions of the Stock Pledge Agreement. Accordingly, this letter agreement, when executed by you and a signed counterpart returned to the undersigned, will modify the Stock Pledge Agreement by deleting the following text in the introductory paragraph of the Stock Pledge Agreement:

"1,000,000 shares of Common Stock, par value \$0.04 of Vornado, Inc. ("Shares"), which are herewith delivered to the Lender."

and replacing it in its entirety with the following:

"That number of options to purchase common shares of beneficial interest of Vornado Realty Trust, par value \$0.04 per share, or other collateral satisfactory to Vornado Realty Trust ("Shares") with a value (such value, in the case of an option to purchase common shares of beneficial interest of Vornado Realty Trust, being the product of (i) the difference between the current market value of the common shares of beneficial interest of Vornado Realty Trust underlying such option and the exercise price of such option and (ii) the number of common shares of beneficial interest of Vornado Realty Trust subject to such option) that is not less than two (2) times the value of all then outstanding promissory notes between Vornado Realty Trust and Debtor."

This letter agreement shall be construed in accordance with and governed in all respects, including validity, interpretation and effect, by the laws of the State of New Jersey without giving effect to the principles of conflicts of laws thereof. This letter agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Nothing herein shall constitute a waiver of any rights under the Stock Pledge Agreement, and, except as set forth herein, the terms of the Stock Pledge Agreement remain unmodified and in full force and effect.

Very truly yours,

VORNADO REALTY TRUST

By: /s/ MICHAEL D. FASCITELLI

 Name: Michael D. Fascitelli
 Title: President

Accepted and Agreed To:

/s/ STEVEN ROTH

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to common shares of beneficial interest, par value \$0.04 per share, of Vornado Realty Trust and that this Joint Filing Agreement be included as an exhibit to such joint filing. Each person who is a party hereto acknowledges that (i) each is individually eligible to use Schedule 13D to satisfy its filing obligations under Rule 13d-1; (ii) each is responsible for the timely filing of such statement and any amendments thereto, and for the completeness and accuracy of the information concerning itself; and (iii) neither person is responsible for the completeness or accuracy of the information concerning the other person jointly filing on the Schedule 13D referred to herein, unless such person knows or has reason to believe that such information is inaccurate.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement this 29th day of May, 2002.

INTERSTATE PROPERTIES

By: /s/ STEVEN ROTH

 Name: Steven Roth
 Title: Managing General Partner

STEVEN ROTH

/s/ STEVEN ROTH

 Name: Steven Roth

RUSSELL B. WIGHT, JR.

/s/ RUSSELL B. WIGHT, JR.

 Name: Russell B. Wight, Jr.

DAVID MANDELBAUM

/s/ DAVID MANDELBAUM

 Name: David Mandelbaum