

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

**Date of Report (Date of earliest event reported):
March 17, 2005**

VORNADO REALTY TRUST

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

No. 001-11954
(Commission File Number)

No. 22-1657560
(IRS Employer
Identification No.)

VORNADO REALTY L.P.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

No. 000-22635
(Commission
File Number)

No. 13-3925979
(IRS Employer
Identification No.)

888 Seventh Avenue New York, New York
(Address of Principal Executive offices)

10019
(Zip Code)

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

Former name or former address, if changed since last report: **N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry Into a Material Definitive Agreement.

On March 17, 2005, the Company entered into an equity commitment letter under which it agreed to provide approximately \$450 million of cash to a joint venture with Bain Capital Partners LLC and Kohlberg Kravis Roberts & Co. as equal partners. The Company is a one-third owner of the joint venture. On that same date, the joint venture entered into a merger agreement to acquire Toys "R" Us, Inc. for \$26.75 per share. The obligation of the Company to fund its equity commitment is conditioned upon the satisfaction of the joint venture's conditions to the closing of that acquisition. That closing in turn is subject to customary closing conditions, including the approval of the stockholders of Toys "R" Us.

Item 7.01. Regulation FD Disclosure.

On March 17, 2005, the Company, Bain Capital Partners LLC, Kohlberg Kravis Roberts & Co. and Bain Capital issued a joint press release announcing the Toys "R" Us, Inc. transaction referred to in item 1.01 of this Form 8-K. A copy of that press release is furnished with this Current Report on Form 8-K as Exhibit 99.1 hereto and incorporated into this Item 7.01 by reference.

Item 8.01 Other Events.

On March 17, 2005, the Company issued its own separate press release announcing the Toys "R" Us, Inc. transaction referred to in item 1.01 of this Form 8-K. A copy of that press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

- 99.1 Press Release, dated March 17, 2005 (furnished, not filed).
- 99.2 Press Release, dated March 17, 2005.

SIGNATURE

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

VORNADO REALTY TRUST
(Registrant)

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

Date: March 17, 2005

SIGNATURE

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

VORNADO REALTY L.P.
(Registrant)

By: VORNADO REALTY TRUST,
Sole General Partner

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

Date: March 17, 2005

FOR IMMEDIATE RELEASE

**TOYS "R" US, INC. ANNOUNCES AGREEMENT TO BE ACQUIRED
BY KKR, BAIN CAPITAL AND VORNADO FOR \$26.75 PER SHARE IN
\$6.6 BILLION TRANSACTION**

WAYNE, NEW JERSEY, March 17th, 2005 - - Toys "R" Us, Inc. (NYSE: TOY) announced today that it has concluded its strategic review and reached a definitive agreement to sell the entirety of its worldwide operations, including both its global Toys "R" Us and Babies "R" Us businesses, to an investment group consisting of affiliates of Kohlberg Kravis Roberts & Co. (KKR), Bain Capital Partners LLC, and Vornado Realty Trust (NYSE: VNO).

Under the terms of the agreement, the investment group will acquire all of the outstanding shares of Toys "R" Us, Inc. for \$26.75 per share, representing a transaction value of \$6.6 billion plus the assumption of debt. Each of the investors will own equal stakes in the company upon completion of the transaction.

John Eyler, Chairman and Chief Executive Officer of Toys "R" Us, said, "We are pleased to announce this transaction, which brings our strategic review to a very successful conclusion. There was competition among bidders during the review process, and the acquisition price reflects the compelling value of the global Toys "R" Us and Babies "R" Us operations and assets."

Mr. Eyler continued, "During the course of our strategic review, we redefined our business model and sharpened our competitive position. This enabled us to strengthen the value we provide to our customers, and we were rewarded with market share gains this past holiday season. We believe that our new financial partners will help us build on this momentum and we look forward to a successful future as a leading toy and baby products retailer."

"Toys "R" Us and Babies "R" Us are premiere franchises with strong global brand recognition and a collection of high quality product offerings including toys, children's apparel, and baby products and accessories," stated Matt Levin, a Managing Director at Bain Capital. "We are excited by the prospect of partnering with the management team and employees to strengthen the long-term operating and financial performance of the businesses."

"We are delighted to be partners with Bain and KKR, and look forward to building significant value for our investors," said Steve Roth, Chairman and Chief Executive Officer of Vornado.

"We are delighted to be joining forces with Vornado, Bain Capital and the employees and management of the company to realize the full potential of the Toys "R" Us and Babies "R" Us businesses and brands in the U.S. and internationally," said Michael M. Calbert, a Director at KKR. "We look forward to building on the many strengths of the company to make the stores a better place to shop and work."

Completion of the deal is contingent on regulatory review and approval by the shareholders of Toys "R" Us, Inc. and is expected to occur by July.

Credit Suisse First Boston LLC acted as the exclusive financial advisor to Toys "R" Us, Inc. in connection with the strategic review and this transaction.

Simpson Thacher & Bartlett LLP acted as legal advisor to Toys "R" Us, Inc. and Skadden, Arps, Slate, Meagher & Flom LLP & Affiliates acted as legal advisor to the Board of Directors of Toys "R" Us, Inc.

About Toys "R" Us

Toys "R" Us is one of the leading specialty toy retailers in the world. Currently it sells merchandise through 1,500 stores, including 681 toy stores in the U.S. and 601 international toy stores, including licensed and franchise stores as well as through its Internet sites at www.toysrus.com, www.imaginarium.com and www.sportsrus.com. Babies "R" Us is the largest baby product specialty store chain in the world and a leader in the juvenile industry, and sells merchandise through 218 stores in the U.S. as well as on the Internet at www.babiesrus.com.

About Vornado

Vornado Realty Trust (www.vno.com) is a fully integrated real estate company and one of the largest REITs in the nation, with an enterprise value of \$17 billion and owning and/or managing approximately 87 million square feet of real estate. Vornado owns and operates office, retail, and showroom properties with a large concentration in the NY Metro area and in the Washington, DC and Northern Virginia area.

About Bain Capital

Bain Capital (www.baincapital.com) is a global private investment firm that manages several pools of capital including private equity, high-yield assets, mezzanine capital and public equity with more than \$24 billion in assets under management. Since its inception in 1984, Bain Capital has made private equity investments and add-on acquisitions in over 225 companies around the world, including such leading retailers and consumer companies as Staples, Domino's Pizza, Burger King, and Dollarama. Headquartered in Boston, Bain Capital has offices in New York, London and Munich.

About KKR

KKR is one of the world's oldest and most experienced private equity firms specializing in management buyouts, with offices in New York, Menlo Park, California and London. Over the past three decades, KKR has invested in 11 transactions in the retail sector in North America and Europe, representing over \$17 billion of aggregate value, covering a broad range of channels including supermarkets, consumer drugstores, and specialty retail. For more information, visit www.kkr.com.

FORWARD LOOKING STATEMENT

This press release contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created thereby. All statements herein that are not historical facts, including statements about our beliefs or expectations, are forward-looking statements. We generally identify these statements by words or phrases such as "anticipate," "estimate," "plan," "expect," "believe," "intend," "will," "may," and similar words or phrases. These statements discuss, among other things, our strategy, store openings and renovations, future financial or operational performance, anticipated cost savings, results of restructurings, anticipated domestic or international developments, and other goals, targets and future occurrences and trends. These statements are subject to risks, uncertainties and other factors, including, among others, competition in the retail industry, seasonality of our business, changes in consumer preferences and consumer spending patterns, general economic conditions in the United States and other countries in which we conduct our business, our ability to implement

our strategy, availability of adequate financing, our dependence on key vendors of our merchandise, international events affecting the delivery of toys and other products to our stores, economic, political and other developments associated with our international operations, and risks, uncertainties and factors set forth in our reports and documents filed with the Securities and Exchange Commission (which reports and documents should be read in conjunction with this press release). We believe that all forward-looking statements are based upon reasonable assumptions when made; however, we caution that it is

impossible to predict actual results or outcomes or the effects of risks, uncertainties or other factors on anticipated results or outcomes and that, accordingly, you should not place undue reliance on these statements. Forward-looking statements speak only as of the date when made, and we undertake no obligation to update these statements in light of subsequent events or developments. Actual results and outcomes may differ materially from anticipated results or outcomes discussed in forward-looking statements.

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CONTACTS:

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FOR IMMEDIATE RELEASE – March 17, 2005

Vornado Enters Into Venture to Acquire Toys “R” Us

PARAMUS, NEW JERSEY,.....Vornado Realty Trust (NYSE:VNO) today announced that it has entered into an agreement to provide approximately \$450 million of equity for a one-third interest in a joint venture to be owned equally with Bain Capital and Kohlberg, Kravis, Roberts & Co. to acquire Toys “R” Us, Inc. (NYSE:TOY). The venture has signed a definitive merger agreement to acquire all of the outstanding equity of Toys “R” Us, Inc. for \$26.75 per share in cash or approximately \$6.6 billion, which was approved by the Board of Directors of Toys “R” Us, Inc.

This investment will be recorded under the equity method of accounting and will not be consolidated.

Toys “R” Us, Inc. reported sales of \$11 billion last year in 1,500 stores worldwide; including 681 toy stores and 218 Babies “R” Us stores in the United States and 601 international toy stores, including licensed and franchise stores.

The obligation of the Company to fund its equity commitment is conditioned upon the merger closing which is expected in the third quarter of 2005. The merger is subject to the approval of the stockholders of Toys “R” Us, Inc., and other customary conditions.

Vornado Realty Trust is a fully-integrated equity real estate investment trust.

Certain statements contained herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks associated with the timing of and costs associated with property improvements, financing commitments and general competitive factors.
