

# CORPORATE GOVERNANCE GUIDELINES

## I. Introduction

The Board of Trustees (the “Board”) of Vornado Realty Trust (the “Trust”), acting on the recommendation of its Corporate Governance and Nominating Committee, has developed and adopted a set of corporate governance principles (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions. These Guidelines are in addition to the Trust’s Amended and Restated Declaration of Trust and Amended and Restated Bylaws, in each case as amended. References to the masculine, feminine or neuter gender herein shall be deemed to include the others whenever the context so indicates or requires.

## II. Board Composition

The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each Trustee can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Trust’s business; and
- A majority of the Board shall consist of Trustees who the Board has determined are “independent” under the Corporate Governance Rules (the “NYSE Rules”) of The New York Stock Exchange, Inc. (the “NYSE”).

## III. Selection of Chairman of the Board and Chief Executive Officer

The Board of Trustees is responsible for the selection of the Chairman of the Board and the Chief Executive Officer. The Board annually reviews its leadership structure to ensure effective guidance to and oversight of management.

## IV. Selection of Trustees

*Nominations.* The Board is responsible for selecting the nominees for election to the Board. The Corporate Governance and Nominating Committee is responsible for recommending to the Board a slate of Trustees or one or more nominees to fill vacancies occurring between annual meetings of shareholders. The Corporate Governance and Nominating Committee may, in its discretion, work or otherwise consult with members of management of the Trust in preparing the Corporate Governance and Nominating Committee’s recommendations.

*Criteria.* The Board should, based on the recommendation of the Corporate Governance and Nominating Committee, consider new nominees for the position of independent Trustee on the basis of the following criteria:

- Personal qualities and characteristics, accomplishments and reputation in the business community;
- Current knowledge and contacts in the communities in which the Trust does business and in the Trust’s industry or other industries relevant to the Trust’s business;
- Ability and willingness to commit adequate time to Board and committee matters;
- The fit of the individual’s skills and personality with those of other Trustees and potential Trustees in maintaining a Board that is effective, collegial and responsive to the interests of the Trust; and
- Diversity of viewpoints, experience and other demographics (including race, age and gender). The Trust is committed to including persons of diverse backgrounds in candidate pools when seeking new members of the Board. However, nomination of a candidate should not be based solely on these factors.

*Independence Standards.* To qualify as independent under the NYSE Rules, the Board must affirmatively determine that a Trustee has no material relationship with the Trust and/or its consolidated subsidiaries. The Board has adopted the following categorical standards to assist it in making determinations of independence. For purposes of these standards, references to the "Trust" mean Vornado Realty Trust and its consolidated subsidiaries.

The following relationships have been determined not to be material relationships that would categorically impair a Trustee's ability to qualify as independent:

1. Payments to and from other organizations. A Trustee's or his immediate family member's status as executive officer or employee of an organization that has made payments to the Trust, or that has received payments from the Trust, not in excess of the greater of:
  - (i) \$1 million; or
  - (ii) 2% of the other organization's consolidated gross revenues for the fiscal year in which the payments were made.

In the case where an organization has received payments that ultimately represent amounts due to the Trust and such amounts are not due in respect of property or services from the Trust, these payments will not be considered amounts paid to the Trust for purposes of determining (i) and (ii) above so long as the organization does not retain any remuneration based upon such payments.

2. Beneficial ownership of the Trust's equity securities. Beneficial ownership by a Trustee or his immediate family member of not more than 10% of the Trust's equity securities. A Trustee or his immediate family member's position as an equity owner, director, executive officer or similar position with an organization that beneficially owns not more than 10% of the Trust's equity securities.
3. Common ownership with the Trust. Beneficial ownership by, directly or indirectly, a Trustee, either individually or with other Trustees, of equity interests in an organization in which the Trust also has an equity interest.
4. Directorships with, or beneficial ownership of, other organizations. A Trustee's or his immediate family member's interest in a relationship or transaction where the interest arises from either or both of:
  - (i) his or his family member's position as a director with an organization doing business with the Trust; or
  - (ii) his or his family member's beneficial ownership in an organization doing business with the Trust so long as the level of beneficial ownership in the organization is 25% or less, or less than the Trust's beneficial ownership in such organization, whichever is greater.
5. Affiliations with charitable organizations. The affiliation of a Trustee or his immediate family member with a charitable organization that receives contributions from the Trust, or an affiliate of the Trust, so long as such contributions do not exceed for a particular fiscal year the greater of:
  - (i) \$1 million; or
  - (ii) 2% of the organization's consolidated gross revenues for that fiscal year.
6. Relationships with organizations to which the Trust owes money. A Trustee's or his immediate family member's status as an executive officer or employee of an organization to which the Trust was indebted at the end of the Trust's most recent fiscal year so long as that total amount of indebtedness is not in excess of 5% of the Trust's total consolidated assets.
7. Relationships with organizations that owe money to the Trust. A Trustee's or his immediate family member's status as an executive officer or employee of an organization which is indebted to the Trust at the end of the Trust's most recent fiscal year so long as that total amount of indebtedness is not in excess of 15% of the organization's total consolidated assets.

8. Personal indebtedness to the Trust. A Trustee's or his immediate family member's being indebted to the Trust at any time since the beginning of the Trust's most recently completed fiscal year so long as such amount does not exceed the greater of:
  - (i) \$1 million; or
  - (ii) 2% of the individual's net worth.
9. Leasing or retaining space from the Trust. The leasing or retaining of space from the Trust by:
  - (i) a Trustee;
  - (ii) a Trustee's immediate family member; or
  - (iii) an affiliate of a Trustee or an affiliate of a Trustee's immediate family member;so long as in each case the rental rate and other lease terms are at market rates and terms in the aggregate at the time the lease is entered into or, in the case of a non-contractual renewal, at the time of the renewal.
10. Other relationships that do not involve more than \$100,000. Any other relationship or transaction that is not covered by any of the categorical standards listed above and that does not involve payment of more than \$100,000 in the most recently completed fiscal year of the Trust.
11. Personal relationships with management. A personal relationship between a Trustee or a Trustee's immediate family member and a member of the Trust's management.
12. Partnership and co-investment relationships between or among Trustees. A partnership or co-investment relationship between or among a Trustee or a Trustee's immediate family member and other members of the Trust's Board of Trustees, including management Trustees, so long as the existence of the relationship has been previously disclosed in the Trust's reports and/or proxy statements filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

The fact that a particular transaction or relationship falls within one or more of the above categorical standards does not eliminate a Trustee's obligation to disclose the transaction or relationship to the Trust, the Board of Trustees or management as and when requested for public disclosure and other relevant purposes. For relationships that are either not covered by or do not satisfy the categorical standards above, the determination of whether the relationship is material and therefore whether the Trustee qualifies as independent may be made by the Corporate Governance and Nominating Committee or the Board. The Trust shall explain in the annual meeting proxy statement immediately following any such determination the basis for any determination that a relationship was immaterial despite the fact that it did not meet the foregoing categorical standards.

*Invitation.* The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and CEO of the Trust, together with an independent Trustee, when deemed appropriate.

*Orientation and Continuing Education.* Management, working with the Board, will provide an orientation process for new Trustees, including background material on the Trust, its business plan and its risk profile, and meetings with senior management. Members of the Board are required to undergo continuing education as recommended by the NYSE. In connection therewith, the Trust will reimburse Trustees for all reasonable costs associated with the attendance at or the completion of any continuing education program supported, offered or approved by the NYSE or approved by the Trust.

## **V. Term Limits**

The Board does not believe it should establish term limits.

## **VI. Retirement of Trustees**

The Board believes it should not establish a mandatory retirement age.

## **VII. Board Meetings**

The Board currently plans at least four meetings each year, with further meetings to occur (or action to be taken by unanimous written consent) at the discretion of the Board. The meetings will usually consist of committee meetings and the Board meeting.

The agenda for each Board meeting will be established by the Chairman and CEO, with assistance of the Lead Trustee, the Trust's Secretary and internal Corporation Counsel. Any Trustee may suggest the inclusion of additional subjects on the agenda. Management will seek to provide to all Trustees an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases it may not be possible.

Materials presented to the Board or its committees should be as concise as possible, while still providing adequate information for the Trustees to make an informed judgment.

## **VIII. Executive Sessions**

To ensure free and open discussion and communication among the non-management Trustees, the non-management Trustees will meet in executive sessions periodically, with no members of management present. Non-management Trustees who are not independent under the NYSE Rules may participate in these executive sessions, but the independent Trustees should meet separately in executive session at least once per year.

At any time that the independent Trustees have not appointed a Lead Trustee or the Lead Trustee is not present, the participants in any executive sessions will select by majority vote of those attending a presiding Trustee for such sessions or any such session.

In order that interested parties may be able to make their concerns known to the non-management Trustees, the Trust shall disclose a method for such parties to communicate directly with the Lead Trustee or the non-management Trustees as a group. For the purposes hereof, communication through a third party such as an external lawyer or a third-party vendor who relays information to non-management members of the Board will be considered direct.

## **IX. The Committees of the Board**

The Trust shall have at least the committees required by the NYSE Rules. Currently, these are the Audit Committee, the Compensation Committee and a nominating/corporate governance committee, which in our Trust is called the Corporate Governance and Nominating Committee. Each of these three committees must have a written charter satisfying the rules of the NYSE.

All Trustees, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report of his or her committee's activities to the Board.

Each of the Corporate Governance and Nominating Committee, the Audit Committee and the Compensation Committee shall be composed of at least such number of Trustees as may be required by the NYSE Rules who the Board has determined are "independent" under the NYSE Rules. Any additional qualifications for the members of each committee shall be set out in the respective committee's charter. A Trustee may serve on more than one committee for which he or she qualifies.

Each committee may take any action in a meeting of the full Board, and actions of the Board, including the approval of such actions by a majority of the members of the Committee, will be deemed to be actions of that committee. In such circumstance only the votes cast by members of the committee shall be counted in determining the outcome of the vote on matters upon which the committee acts.

## **X. Management Succession**

At least annually, the Board shall review and concur in a succession plan, developed by management, addressing the policies and principles for selecting a successor to the CEO, both in an emergency situation and in the ordinary

course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.

#### **XI. Lead Trustee**

When the position of Chairman is not held by an independent Trustee, the independent Trustees will elect a Lead Trustee from among the independent Trustees. In such event, the Lead Trustee will be elected annually, and will serve as a resource to the Chairman and to the other independent Trustees.

The Lead Trustee's authorities and responsibilities include:

- (i) presiding at all meetings of the Board at which the Chairman is not present;
- (ii) serving as liaison between the Chairman and the independent Trustees;
- (iii) approving, in consultation with the Chairman:
  - (a) the schedule of Board meetings,
  - (b) Board meeting agenda items,
  - (c) materials sent in advance of Board meetings, including the quality, quantity, appropriateness and timeliness of such information;
- (iv) the ability to call meetings of the independent Trustees as necessary and appropriate;
- (v) participating in annual self-evaluations of the Board and its committees;
- (vi) contributing to ongoing management succession and development planning;
- (vii) participating in shareholder outreach, and be available for consultation and direct communication if requested by major shareholders; and
- (viii) communicating shareholder feedback to the full Board.

The Board may assign additional responsibilities to the Lead Trustee position as needed.

#### **XII. Executive Compensation**

*Evaluating and Approving Compensation for the CEO.* The Board, acting through the Compensation Committee, annually evaluates the performance of the CEO and the Trust against the Trust's goals and objectives and approves the compensation level of the CEO.

*Evaluating and Approving Compensation of Management.* The Board, acting through the Compensation Committee, evaluates and approves the proposals for overall compensation policies applicable to executive officers.

#### **XIII. Board Compensation**

The Board should conduct a review at least once every three years of the components and amount of Trustee compensation in relation to other similarly situated companies. Trustee compensation should be consistent with market practices but should not be set at a level that would call into question the Board's objectivity.

#### **XIV. Prohibition on Short Sales**

In accordance with Federal securities laws, the Trust should prohibit short sales by its executive officers of its equity securities.

#### **XV. Expectations of Trustees**

The business and affairs of the Trust are managed under the direction of the Board in accordance with Maryland law. In performing his or her duties, the primary responsibility of each Trustee is to exercise his or her business judgment in a manner he or she reasonably believes to be in the best interests of the Trust. The Board has developed the

following specific expectations of Trustees to promote the discharge of this responsibility and the efficient conduct of the Board's business.

*Commitment and Attendance.* All independent and management Trustees should make every reasonable effort to attend meetings of the Board and meetings of committees of which they are members. Members may attend by telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. The Board may act by unanimous written consent in lieu of a meeting.

*Participation in Meetings.* Each Trustee should be sufficiently familiar with the business of the Trust, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a Trustee may have about any aspect of the Trust's business. Trustees should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

*Loyalty and Ethics.* Each Trustee should act in good faith. This duty mandates that the best interests of the Trust take precedence over any interests of a Trustee.

The Trust has adopted a Code of Business Conduct and Ethics (the "Code"), including a compliance program to enforce the Code. Certain portions of the Code deal with activities of Trustees, particularly with respect to transactions in securities of the Trust, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Trust. Each Trustee should be familiar with the Code's provisions in these areas and should consult with any member of the Trust's Corporate Governance and Nominating Committee or the Trust's internal Corporation Counsel in the event of any concerns. The Corporate Governance and Nominating Committee is ultimately responsible for applying the Code to specific situations and has the authority to interpret the Code in any particular situation.

*Other Directorships.* The Board values the experience Trustees bring from other boards on which they serve, but recognizes that those boards may also present demands on a Trustee's time and availability and may present conflicts or legal issues. A Trustee should advise the Chairman of the Corporate Governance and Nominating Committee and the CEO before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units.

*Contact with Management.* Trustees have complete access to senior management and management information. Management will be responsive to requests for information from Trustees. The Board encourages the Chief Executive Officer, from time to time, to bring to Board meetings managers who can provide additional insight into the items being discussed. Any other meetings or contacts with officers or employees that a Trustee wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary or directly by the Trustee. The Trustees will use their judgment to ensure that any such contact is not disruptive to the business operations of the Trust, and will, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between a Trustee and an officer or employee of the Trust.

*Contact with Other Constituencies.* It is important that the Trust speaks to employees and outside constituencies with a single voice, and that management serve as the primary spokesperson.

*Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each Trustee shall maintain the confidentiality of information received in connection with his or her service as a Trustee.

## **XVI. Evaluating Board Performance**

The Board, acting through the Corporate Governance and Nominating Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Corporate Governance and Nominating Committee should periodically consider the mix of skills and experience that Trustees bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board, acting through the Corporate Governance and Nominating Committee. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter, if any.

## **XVII. Reliance on Management and Outside Advice**

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board has the authority to retain and approve the fees and retention terms of its outside advisors.

## **XVIII. Trustee Resignation Policy**

The Bylaws of the Trust provide that a nominee for election as a Trustee is elected by a plurality of votes cast. Notwithstanding such vote requirement, any nominee in an uncontested election who does not receive a greater number of "for" votes than votes "withhold" shall be elected as a Trustee but shall promptly tender to the Board his or her offer of resignation from the Board following certification of the vote. A contested election is one in which (i) the Secretary of the Trust receives a notice pursuant to these Bylaws that a shareholder intends to nominate a person or persons for election and (ii) such proposed nomination has not been withdrawn by such shareholder on or prior to the tenth day preceding the date on which the Trust first mails its notice of meeting for such meeting to the shareholders. The Corporate Governance and Nominating Committee shall consider the offer to resign and shall recommend to the Board the action to be taken in response to the offer. In determining its recommendation to the Board, the Corporate Governance and Nominating Committee may consider all factors deemed relevant by the members of the Corporate Governance and Nominating Committee, which may include, without limitation, (i) the stated reason or reasons, if any, why shareholders withheld votes for such Trustee's election, (ii) the qualifications of the Trustee (including, for example, whether the Trustee serves on the Audit Committee of the Board as an "audit committee financial expert" and whether there are one or more other Trustees qualified, eligible and available to serve on the Audit Committee in such capacity), (iii) whether the resignation would cause the Trust to be in violation of any of its constituent documents, any legal or regulatory requirements, agreements, or the rules of any national securities exchange on which its securities are then listed, and (iv) whether the Trustee's resignation from the Board would be in the best interests of the Trust. The Corporate Governance and Nominating Committee also may consider a range of possible alternatives concerning the Trustee's offer to resign as the members of the Corporate Governance and Nominating Committee deem appropriate. In considering the Committee's recommendation, the Board may consider the information, factors and alternatives considered by the Committee and such additional information, factors and alternatives as the Board deems relevant. Each Trustee, whether acting as a member of the Corporate Governance and Nominating Committee or as a member of the Board, may give such weight to any of the foregoing factors as he or she deems appropriate.

The Board shall take action no later than the next regularly scheduled Board meeting to be held no earlier than ten days after the date of the election, unless such action would cause the Trust to fail to comply with any requirement of the New York Stock Exchange or any rule or regulation promulgated under the Securities Exchange Act of 1934, in which event the Board shall take action as promptly as is practicable while continuing to meet such requirements. The Board will promptly disclose its decision and the reasons therefor in a Form 8-K furnished to the Securities and Exchange Commission.

No Trustee whose offer to resign, in accordance with this policy, is required to be considered by the Board shall participate in the Corporate Governance and Nominating Committee's deliberations or recommendation, or in the Board's deliberations or determination, with respect to accepting or rejecting his or her offer to resign as a Trustee.

If each member of the Corporate Governance and Nominating Committee is required to offer to resign pursuant to this policy, the Board may appoint a special committee composed of Trustees who are not so required to offer to resign to consider the offers to resign and recommend to the Board whether to accept any or all of them. In the event that every Trustee is required to offer to resign pursuant to this policy, the Board shall make a final determination whether to accept any or all offers to resign.

If the offer to resign is not accepted, the Trustee will continue to serve until the expiration of his or her term and his or her successor is duly elected and qualifies or until the Trustee's earlier resignation or removal.