

COMPENSATION COMMITTEE CHARTER

Committee Membership

The Compensation Committee (the "Committee") of the Board of Trustees (the "Board") of Vornado Realty Trust (the "Trust") shall consist solely of two or more members of the Board, each of whom the Board has determined is "independent" under the Corporate Governance Rules of The New York Stock Exchange, Inc. as they apply to the independence of members of compensation committees. At least two members of the Committee should qualify as "Non-Employee Directors" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, as in effect from time to time ("Rule 16b-3"), and as "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time ("Section 162(m)").

Members shall be appointed by the Board based on nominations recommended by the Trust's Corporate Governance and Nominating Committee or otherwise by the full Board (including the members of the Corporate Governance and Nominating Committee), and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Committee Duties and Responsibilities

The Committee shall have the purpose and direct responsibility to:

1. Review and approve corporate goals and objectives relevant to the compensation of the Trust's Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those goals and objectives, and either as a committee or together with the other independent trustees (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider, among other factors, the Trust's performance and relative shareholder return, any applicable employment agreement, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
2. Review and approve the total compensation package for the Trust's officers at the level of executive vice-president and above, and to review and approve any employment agreement to which the Trust is a party where the total compensation under the agreement is \$1 million or more.
3. Make recommendations to the Board with respect to other non-CEO compensation, incentive compensation plans and equity-based plans, including the Trust's 2002 Omnibus Share Plan and any successor plan, oversee the activities of the individuals and committees responsible for administering these plans, and discharge any responsibilities imposed on the Committee by any of these plans. To the extent required by applicable law, rule or regulation, the Committee will recommend to the Board that any applicable plan or material change to a plan be submitted for approval by the vote of the shareholders of the Trust.
4. Approve any new equity compensation plan or any material change to an existing plan where shareholder approval has not been obtained.
5. In consultation with management, oversee regulatory compliance with respect to compensation matters, including overseeing the Trust's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
6. When, and if, the Committee deems it desirable, make recommendations to the Board with respect to any severance or similar termination payments proposed to be made to any current or former executive officer of the Trust.
7. Prepare an annual Report of the Compensation Committee on Executive Compensation for inclusion in the Trust's annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission.
8. Prepare and issue the evaluation required under "Performance Evaluation" below.
9. Report to the Board on a regular basis, and not less than once per year.

10. Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Trust's compensation programs.

Committee Structure and Operations

The Board shall designate one member of the Committee as the Committee's chairperson. In the event of a tie vote on any matter, the chairperson's vote shall decide the outcome of such vote. The Committee shall meet at least once a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating can hear each other.

The Committee may invite such members of management to its meetings or otherwise consult with members of management, in each case as the Committee deems appropriate, consistent with the maintenance of the confidentiality of compensation discussions. The Trust's CEO should not attend any meeting where the CEO's performance or compensation is discussed, unless specifically invited by the Committee.

Delegation to Subcommittee

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3; and (ii) "outside directors" for the purposes of Section 162(m).

Performance Evaluation

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to the Committee's charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

Resources and Authority of the Committee

The Committee shall have the resources, funding and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of any compensation consultants, outside legal counsel or other advisors to the Committee (each, an "Advisor"), as it deems appropriate, without seeking approval of the Board or management. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Advisor it retains. [Except when not required by the Corporate Governance Rules of The New York Stock Exchange, Inc.], the Committee may select or receive advice from an Advisor only after taking into consideration all factors relevant to the Advisor's independence from management, including the following:

- the provision of other services to the Trust by the person that employs the Advisor;
- the amount of fees received from the Trust by the person that employs the Advisor as a percentage of such that person's total revenue;
- the policies and procedures of the person that employs the Advisor that are designed to prevent conflicts of interest;
- any business or personal relationship of the Advisor with a member of the Committee;
- any shares of the Trust owned by the Advisor; and
- any business or personal relationship of the Advisor or the person employing the Advisor with an executive officer of the Trust.