VORNADO REALTY TRUST
Form DEF 14A
April 07, 2017

Use these links to rapidly review the document
TABLE OF CONTENT

Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
ý Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under §240.14a-12

VORNADO REALTY TRUST

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
ý No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

VORNADO REALTY TRUST

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND PROXY STATEMENT

2017

Table of Contents

888 Seventh Avenue
New York, New York 10019

Notice of Annual Meeting of Shareholders to Be Held on May 18, 2017

To our Shareholders:

The 2017 Annual Meeting of Shareholders of Vornado Realty Trust, a Maryland real estate investment trust ("Vornado" or the "Company"), will be held at the Saddle Brook Marriott, Interstate 80 and the Garden State Parkway, Saddle Brook, New Jersey 07663, on Thursday, May 18, 2017, beginning at 11:30 A.M., New York City time, for the following purposes:

(1) To consider and vote upon the election of four persons to the Board of Trustees of the Company, each to serve for a one-year term expiring at the 2018 annual meeting of shareholders of the Company and until his or her successor is duly elected and qualified.

(2) To consider and vote upon the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the current fiscal year.

(3) To consider and vote upon the approval of a non-binding, advisory resolution on executive compensation.

(4) To consider and vote upon the approval, on a non-binding, advisory basis, of the frequency of executive compensation advisory votes.

(5) To transact any other business as may properly come before the meeting or any postponement or adjournment of the meeting.

The Board of Trustees of the Company has fixed the close of business on March 20, 2017 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting.

Please review the accompanying proxy statement and proxy card or voting instruction form. Whether or not you plan to attend the meeting, it is important that your shares be represented and voted. You may authorize your proxy by the Internet or by touch-tone telephone as described on the proxy card or voting instruction form. Alternatively, you may sign the proxy card or voting instruction form and return it in accordance with the instructions included with the proxy card or voting instruction form. You may revoke your proxy by timely (1) executing and submitting a later-dated proxy card or voting instruction form, (2) subsequently authorizing a proxy through the Internet or by telephone, (3) sending a written revocation of proxy to our Secretary at our principal executive office located at 888 Seventh Avenue, New York, New York 10019, or (4) attending the meeting and voting in person. To be effective, later-dated proxy cards, voting instruction forms, proxies authorized via the Internet or telephone or written revocations of proxies must be received by us by 11:59 P.M., New York City time, on Wednesday, May 17, 2017.

By Order of the Board of Trustees,
Alan J. Rice
Secretary
April 7, 2017

Table of Contents

2017 PROXY STATEMENT SUMMARY

Overview of Voting Items

This summary highlights certain information that is covered elsewhere in this Proxy Statement. You are encouraged to read our complete Proxy Statement before voting.

Shareholder Voting Items		Board Vote Recommendation
Proposal 1:	Election of Four Trustees	For
Proposal 2:	Ratification of Appointment of Independent Accounting Firm	For
Proposal 3:	Advisory Approval of Executive Compensation	For
Proposal 4:	Advisory Approval of One-Year Frequency of Submission of Executive Compensation for Advisory Approval Votes	For

Shareholder Engagement and Recent Governance Changes

During the last three years, our Board of Trustees has adopted, or is proposing, a number of significant governance changes. These changes follow extensive engagement with our shareholders to better understand their views on our corporate governance practices. The Chair of our Corporate Governance and Nominating Committee was an active participant in these meetings with investors and she and members of our management team reported and discussed the feedback received with the full Board. As part of this engagement, we held in-person or telephonic meetings with shareholders representing approximately 50% of our outstanding common shares of beneficial interest in each of the last three years. In addition to the changes outlined below, we have also significantly enhanced the corporate governance, sustainability and executive compensation disclosures in our proxy statement.

Changes made since the date of our last proxy statement

n

Adding Ms. Mandakini Puri as a new independent Trustee.

n

Adopting proxy access

n

Further enhancing the role and responsibilities of the Lead Trustee

Changes made in 2016

n

Amending our Corporate Governance Guidelines to provide that, in an uncontested election, if a nominee for Trustee does not receive majority support for election to the Board (more "for" votes than "withhold" votes) that Trustee must offer to resign from the Board. The Board would then determine whether to accept or reject the resignation and disclose its rationale for its decision.

n

Amending our Declaration of Trust to provide for the phased-in annual election of our Board of Trustees, with the Board fully declassified in 2019.

n

Appointing Ms. Candace K. Beinecke as our new Lead Trustee.

n

Amending our Corporate Governance Guidelines to provide for increased clarity and emphasis on diversity as a criteria for the selection of new Trustees.

Changes made in 2015

n

Increasing the power and authority of our Lead Trustee to reflect best practices.

Table of Contents

- n Increasing Trustee equity ownership requirements to five times (from four times) their annual cash retainer.
- n Designating an additional member of the Audit Committee to be an "audit committee financial expert."
- n Adopting an anti-hedging policy.
- n Adopting a claw-back policy.

Corporate Governance Highlights

- ü Highly independent Board actively engaged in strategic, risk and management oversight
- ü Resignation policy for any Trustee who does not receive majority support
- ü A highly experienced Board of Trustees with diverse experiences and expertise applicable to our strategic and business needs
- ü Robust role for Lead Independent Trustee who is elected annually by the independent Trustees
- ü Continued and enhanced focus on Board composition and refreshment
- ü Annual evaluations of our Board, our Trustees and our Board committees
- ü Open communication and strong working relationships among Trustees with regular access to management
- ü High Trustee share ownership
- ü Strong succession planning oversight
- ü Proactive shareholder engagement program and responsive to shareholder feedback
- ü Adopted proxy access (3%/3years/20 aggregation)

Executive Compensation Highlights

- ü Significant portion of compensation is variable and performance-based
  - n Formula-driven annual bonus plan
  - n

Equity grants tied to rigorous absolute and relative total shareholder return (including dividends) ("TSR") performance goals which require a return to shareholders prior to their having any value

ü

Significant share ownership and retention requirements (6x salary for CEO, 5x annual cash retainer for Trustees, 3x salary for other NEOs)

ü

Double trigger equity acceleration upon a change-of-control

ü

Policy against hedging or pledging

ü

Clawback policy

ü

No tax gross-ups

ü

No excess perks and limited retirement benefits

ü

No golden parachute or contractual severance arrangement for our CEO

Table of Contents

Executive Compensation Program Objectives:

- **Retain** a highly-experienced, "best-in-class" team of executives who have worked together as a team for a long period of time and who make major contributions to our success.
- **Attract** other highly-qualified executives to strengthen that team as needed.
- **Motivate** our executives to contribute to the achievement of company-wide and business-unit goals as well as to pursue individual goals.
- **Emphasize** equity-based incentives with long-term performance measurement periods and vesting conditions.
- **Align** the interests of executives with shareholders by linking payouts under annual incentives to performance measures that promote the creation of long-term shareholder value.
- **Achieve** an appropriate balance between risk and reward in our compensation programs that does not encourage excessive or inappropriate risk-taking.

Table of Contents

Proxy Statement
Table of Contents

Table of Contents

888 Seventh Avenue
New York, New York 10019

PROXY STATEMENT

Annual Meeting of Shareholders to Be Held on May 18, 2017

The accompanying proxy is being solicited by the Board of Trustees (the "Board of Trustees" or the "Board") of Vornado Realty Trust, a Maryland real estate investment trust ("we," "us," "our" or the "Company"), for exercise at our 2017 Annual Meeting of Shareholders (the "Annual Meeting") to be held on Thursday, May 18, 2017, beginning at 11:30 A.M., New York City time, at the Saddle Brook Marriott, Interstate 80 and the Garden State Parkway, Saddle Brook, New Jersey 07663. Our principal executive office is located at 888 Seventh Avenue, New York, New York 10019. Our proxy materials, including this proxy statement, the Notice of Annual Meeting of Shareholders, the proxy card or voting instruction form and our 2016 Annual Report are being distributed and made available on or about April 7, 2017.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the "SEC"), we have elected to provide our shareholders access to our proxy materials on the Internet. Accordingly, a notice of Internet availability of proxy materials will be mailed on or about April 7, 2017 to our shareholders of record as of the close of business on March 20, 2017. Shareholders may (1) access the proxy materials on a website referred to in the notice or (2) request that a printed set of the proxy materials be sent, at no cost to them, by following the instructions in the notice. **You will need your 12-digit control number that is included with the notice mailed on or about April 7, 2017, to authorize your proxy for your Shares (as defined below) through the Internet. If you have not received a copy of this notice of internet availability, please contact our investor relations department at 201-587-1000 or send an e-mail to ircontact@vno.com. If you wish to receive a printed version of these materials, you may request them at www.proxyvote.com or by dialing 1-800-579-1639 and following the instructions at that website or phone number.**

How do you vote?

If you hold your Shares of record in your own name, you may vote in person at the Annual Meeting or you may authorize your proxy over the Internet (at www.proxyvote.com), by telephone (at 1-800-690-6903) or by executing and returning a proxy card or voting instruction form. Once you authorize a proxy, you may revoke that proxy by timely (1) executing and submitting a later-dated proxy card or voting instruction form, (2) subsequently authorizing a proxy through the Internet or by telephone, (3) sending a written revocation of your proxy to our Secretary at our principal executive office or (4) attending the Annual Meeting and voting in person. Attending the Annual Meeting without submitting a new proxy or voting in person will not automatically revoke your prior authorization of your proxy.

If you hold your Shares in "street name" (that is, as beneficial owner through a bank, broker or other nominee), your nominee will not vote your shares (other than with respect to the ratification of the appointment of our independent registered public accounting firm) unless you provide instructions to your nominee on how to vote your Shares. If you hold Shares in "street name," you will receive instructions from your nominee that you must follow in order to have your proxy authorized, or you may contact your nominee directly to request these voting instructions. You should instruct your nominee how to vote your Shares by following the directions provided by your nominee.

To be effective, later-dated proxy cards, voting instruction forms, proxies authorized via the Internet or telephone or written revocations of proxies must be received by us by 11:59 P.M., New York City time, on Wednesday, May 17, 2017.

Table of Contents

We will pay the cost of soliciting proxies. We have hired MacKenzie Partners, Inc. to solicit proxies for a fee not to exceed $5,500. In addition to solicitation by mail, by telephone and by e-mail or the Internet, arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy materials to their principals and we may reimburse them for their expenses in so doing. Trustees or members of management of the Company may also solicit votes.

Who is entitled to vote?

Only holders of record of our common shares of beneficial interest, par value $0.04 per share (the "Shares"), as of the close of business on March 20, 2017 are entitled to notice of and to vote at the Annual Meeting. We refer to this date as the "record date." On that date, 189,291,850 of our Shares were outstanding. Holders of Shares as of the record date are entitled to one vote per Share on each matter properly presented at the Annual Meeting.

How do you attend the meeting in person?

If you hold your Shares in your own name, you will need only to present satisfactory evidence of your identity. If you hold your Shares in "street name" and would like to attend the Annual Meeting in person, you will need to bring an account statement or other evidence acceptable to us of ownership of your Shares as of the close of business on the record date. If you hold Shares in "street name" and wish to vote in person at the Annual Meeting, you will need to contact your bank, broker or other nominee and obtain a "legal proxy" from your nominee and bring it to the Annual Meeting. Obtaining a legal proxy may take several days. Directions to attend the Annual Meeting and vote in person are available upon request to the Secretary of the Company at its offices.

How will your votes be counted?

The holders of a majority of the outstanding Shares as of the close of business on the record date, present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Any proxy, properly executed and returned, will be voted as directed and, if no direction is given, will be voted as recommended by the Board of Trustees in this proxy statement and in the discretion of the proxy holder as to any other matter that may properly come before the meeting. A broker non-vote and any proxy marked "withhold" or an abstention, as applicable, will count for the purposes of determining a quorum, but will have no effect on the result of the vote on the election of Trustees or the ratification of the appointment of our registered independent public accounting firm, the non-binding, advisory vote on executive compensation, or the non-binding, advisory vote on the frequency of executive compensation advisory votes. A broker non-vote is a vote that is not cast on a non-routine matter because the Shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the Shares on that matter and the broker has not received voting instructions from the beneficial owner.

The election of each of our nominees for Trustee requires a plurality of the votes cast at the Annual Meeting, however, any nominee for Trustee who does not receive the approval of a majority of the votes cast (more "for" votes than "withhold" votes) will be required, pursuant to our Corporate Governance Guidelines (the "Guidelines"), to tender his or her offer of resignation to the Board of Trustees for its consideration. The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm and the approval of the non-binding, advisory vote on executive compensation each require a majority of the votes cast on such matter at the Annual Meeting. The recommendation by a non-binding, advisory vote on the frequency of the advisory vote on executive compensation receiving a majority of all the votes cast (every one, two or three years) will be considered the frequency recommended by the shareholders. In the event that no option receives a majority of the votes cast, we will consider the option that receives the most votes to be the option selected by our shareholders.

PROPOSAL 1: ELECTION OF TRUSTEES

Trustees Standing for Election

Our Board has 10 Trustees. On February 9, 2017, our Board, on the recommendation of our Corporate Governance and Nominating Committee, nominated each of Messrs. Michael Lynne and David M. Mandelbaum, Ms. Mandakini Puri and Mr. Daniel R. Tisch for election at our Annual Meeting. Such persons will be elected to the class of Trustees to serve until the Annual Meeting of Shareholders in 2018 and until their respective successors are duly elected and qualified. Each of these nominees currently serves as a member of our Board. Our organizational documents provide that the Trustees elected at the 2016 annual meeting of shareholders will serve until the 2019 annual meeting, the Trustees elected at this 2017 annual meeting of shareholders will be elected for a one-year term to serve until the 2018 annual meeting, the Trustees elected at the 2018 annual meeting of shareholders will be elected for a one-year term to serve until the 2019 annual meeting and, beginning with the 2019 annual meeting of shareholders, all Trustees will be elected as a single class annually, in each case to serve for a term expiring at the next succeeding annual meeting and until their respective successors have been duly elected and qualified.

Unless you direct otherwise in your signed and returned proxy, each of the persons named in the accompanying proxy will vote your Shares for the election of each of the four nominees for Trustees listed below. If any nominee at the time of election is unavailable to serve, it is intended that each of the persons named in the proxy will vote for an alternate nominee who will be recommended by the Corporate Governance and Nominating Committee of our Board and nominated by the Board. Alternatively, the Board may reduce the size of the Board and the number of nominees. Proxies may be exercised only for the nominees named or such alternates. We do not currently anticipate that any nominee for Trustee will be unable to serve as a Trustee.

The Board of Trustees recommends that shareholders vote "FOR" the election of each of the nominees listed below to serve as a Trustee until the Annual Meeting of Shareholders in 2018 and until his or her respective successor has been duly elected and qualified.

Under our Amended and Restated Bylaws (the "Bylaws"), a plurality of all the votes cast at the Annual Meeting, if a quorum is present, is sufficient to elect a Trustee. However, any Trustee who does not receive the affirmative vote of a majority of the votes cast for his or her election to the Board (a greater number of "for" votes than "withhold" votes) in an uncontested election (such as this election) will be required, pursuant to our Corporate Governance Guidelines, to tender his or her offer of resignation to the Board for its consideration. A broker non-vote will have no effect on the result of this vote.

The following table lists the nominees and the other present members of the Board who will continue to serve following the 2017 Annual Meeting. For each such person, the table lists the age, principal occupation, position presently held with the Company, if any, and the year in which the person first became a member of our Board or a director of our predecessor, Vornado, Inc.

Nominees for Election to Serve as Trustees Until the Annual Meeting in 2018				
Michael Lynne(1)(2)	75	Principal of Unique Features	2018	2005
David M. Mandelbaum(1)(3)	81	A member of the law firm of Mandelbaum & Mandelbaum, P.C.; a general partner of Interstate Properties	2018	1979
Mandakini Puri(1)	56	Independent consultant	2018	2016
Daniel R. Tisch(1)(2)(4)	65	Managing Member of TowerView LLC	2018	2012
Present Trustees Elected to Serve as Trustees Until the Annual Meeting in 2018				
Steven Roth(5)	75	Chairman of the Board of Trustees of the Company since May 1989; Chief Executive Officer of the Company from May 1989 to May 2009 and since April 15, 2013; Managing General Partner of Interstate Properties	2018	1979
Michael D. Fascitelli	60	Owner, MDF Capital LLC since June 2013. From May 2009 to April 15, 2013, President and Chief Executive Officer of the Company	2018	1996
Russell B. Wight, Jr.(1)(3)(5)(6)	77	A general partner of Interstate Properties	2018	1979
Present Trustees Elected to Serve as Trustees Until the Annual Meeting in 2019				
Candace K. Beinecke(1)(3)(5)(7)	70	Chair of Hughes Hubbard & Reed LLP	2019	2007
Robert P. Kogod(1)(4)	85	President of Charles E. Smith Management LLC	2019	2002
Dr. Richard R. West(1)(2)(4)	79	Dean Emeritus, Leonard N. Stern School of Business, New York University	2019	1982

(1) *Independent pursuant to the rules of the New York Stock Exchange ("NYSE") as determined by the Board.*

(2) *Member of the Compensation Committee of the Board.*

(3) *Member of the Corporate Governance and Nominating Committee of the Board.*

(4)
Member of the Audit Committee of the Board.

(5)
Member of the Executive Committee of the Board.

(6)
Lead Trustee until March 2016.

(7)
Lead Trustee since March 2016.

Biographies of our Trustees

Ms. Beinecke has served as Chair of Hughes Hubbard & Reed LLP, a New York law firm, since 1999 and is a practicing partner in Hughes Hubbard's Corporate Department. Ms. Beinecke also serves as Chairperson of the Board of Arnhold & S. Bleichroeder Advisors LLC's First Eagle Funds, Inc. (a U.S. public mutual fund family), and as a board member of ALSTOM (a public French transport and power company).

Mr. Fascitelli has served as a member of our Board of Trustees since December 1996. Since June 2013, Mr. Fascitelli has been the owner and principal of MDF Capital LLC (a private investment firm). Mr. Fascitelli served as our President from December 1996, and as our Chief Executive Officer from May 2009, until his resignation from both positions effective April 15, 2013. From December 1992 to December 1996, Mr. Fascitelli was a partner at Goldman, Sachs & Co. (an investment banking firm) in charge of its real estate practice and was a vice president prior thereto. Until May 23, 2013, he was also a director of our affiliate, Alexander's, Inc. ("Alexander's") (a real estate investment trust), and served as its President until April 15, 2013. From 2004 until 2013, he also served as a director of our affiliate, Toys "R" Us, Inc. (a retailer). Since January 16, 2014, Mr. Fascitelli has served on the Board of Trustees of Colony Starwood Homes (formerly Starwood Waypoint Residential Trust) (a real estate investment trust). Since 2015, Mr. Fascitelli has also served as a member of the Board of Commissioners of the Port Authority of New York and New Jersey.

Mr. Kogod has served as a member of our Board of Trustees since 2002. Currently, Mr. Kogod is the President of Charles E. Smith Management LLC (a privately-owned investment firm that is not affiliated with the Company). Previously, Mr. Kogod was Co-Chief Executive Officer and Co-Chairman of the Board of Directors of Charles E. Smith Commercial Realty L.P., from October 1997 through December 2001, and was Co-Chief Executive Officer and Co-Chairman of the Board of Directors of Charles E. Smith Residential Realty from June 1994 to October 2001.

Mr. Lynne has been a principal of Unique Features (a media company) since its formation in 2008. Prior to that, he was Co-Chairman and Co-Chief Executive Officer of New Line Cinema Corporation (a subsidiary of Time Warner, Inc. and a motion picture company) since 2001. Prior to 2001, Mr. Lynne served as President and Chief Operating Officer of New Line Cinema, starting in 1990. From 2006 until 2008, Mr. Lynne served on the Board of Directors of Time Warner Cable Inc. (a telecommunications company). Since July 2013, Mr. Lynne has been a member of the Board of Directors of IMAX Corporation (an entertainment technology company).

Mr. Mandelbaum has been a member of the law firm of Mandelbaum & Mandelbaum, P.C. since 1960. Since 1968, he has been a general partner of Interstate Properties (an owner of shopping centers and investor in securities and partnerships, "Interstate"). Mr. Mandelbaum is also a director of Alexander's.

Ms. Puri has been an independent consultant since May 2013. From May 2011 until May 2013, she served as a Managing Director and Co-Head of BlackRock Private Equity, a private equity business affiliated with BlackRock, Inc. From April 2009 until April 2011, Ms. Puri served as a consultant to Bank of America/Merrill Lynch Global Private Equity and prior to that she co-founded and served as Chief Investment Officer of Merrill Lynch Global Private Equity. She is a member of the Board of Validus Holdings Ltd., a public insurance holding company, where she serves as Chair of the Executive and Compensation Committees. She is also a member of the Wharton School Graduate Executive Board. Ms. Puri has a Bachelor of Commerce degree from Delhi University, an MBA from the Wharton School at the University of Pennsylvania and is a member of the Indian Institute of Chartered Accountants.

Mr. Roth has been the Chairman of our Board of Trustees since May 1989 and Chairman of the Executive Committee of the Board since April 1980. From May 1989 until May 2009, Mr. Roth served as our Chief Executive Officer. Since April 15, 2013, Mr. Roth is again serving in that position. Since 1968, he has been a general partner of Interstate and he currently serves as its Managing General Partner. He is the Chairman of the Board and Chief Executive Officer of Alexander's. Since January 2015, Mr. Roth has been a member of the Board of Trustees of Urban Edge Properties (a real estate investment trust and former subsidiary of the Company). Mr. Roth was a director of J. C. Penney Company, Inc. (a retailer) from 2011 until September 2013. Mr. Roth serves, or will serve, on three other affiliated public company boards:
Alexander's (approximately

one-third owned by Vornado); Urban Edge Properties ("Urban Edge") the company that resulted from the spin-off of our retail business outside of New York City; and, upon completion of its spin-off, JBG SMITH Properties ("JBG SMITH"), the resulting entity of the spin-off of our Washington DC segment and its combination with the management business and certain Washington, DC assets of The JBG Companies. Our board believes the presence of Mr. Roth on each of these Boards is beneficial to the Company and/or the broadly overlapping shareholder base of the Company, Urban Edge and, ultimately, JBG SMITH.

Mr. Tisch has been the Managing Member of TowerView LLC (a private investment partnership) since 2001. Mr. Tisch also serves as a member of the Board of Directors of Tejon Ranch Company (a real estate development and agribusiness company). Mr. Tisch is also a Board member and member of the Finance, Audit and Investment Committees of New York University.

Dr. West is Dean Emeritus of the Leonard N. Stern School of Business at New York University. He was a professor there from September 1984 until September 1995 and Dean from September 1984 until August 1993. Prior thereto, Dr. West was Dean of the Amos Tuck School of Business Administration at Dartmouth College. Dr. West is also a director of Alexander's.

Mr. Wight has been a general partner of Interstate since 1968. Mr. Wight is also a director of Alexander's.

Relationships Among our Trustees

We are not aware of any family relationships among any of our Trustees or executive officers or persons nominated or chosen by us to become Trustees or executive officers.

Messrs. Roth, Wight and Mandelbaum each are general partners of Interstate. Since 1992, Vornado has managed all the operations of Interstate for a fee as described in "Certain Relationships and Related Transactions Transactions Involving Interstate Properties."

Messrs. Roth, Wight and Mandelbaum and Dr. West are also directors of Alexander's. As of the record date, the Company, together with Interstate and its general partners, beneficially owns approximately 59% of the outstanding common stock of Alexander's.

For more information concerning Interstate, Alexander's and other relationships involving our Trustees, see "Certain Relationships and Related Transactions."

CORPORATE GOVERNANCE

The common shares of the Company or its predecessor have been continuously listed on the NYSE since January 1962 and the Company is subject to the NYSE's Corporate Governance Standards.

Our Corporate Governance Framework

Vornado is committed to effective corporate governance and high ethical standards. Our Board believes that these values are conducive to strong performance and creating long-term shareholder value. Our governance framework gives our highly experienced independent Trustees the structure necessary to provide oversight, advice and counsel to the Company. The Board of Trustees has adopted the following documents, which are available on our website (www.vno.com):

n Audit Committee Charter

n Compensation Committee Charter

n Corporate Governance and Nominating Committee Charter

n Corporate Governance Guidelines (attached as Annex A)

Table of Contents

- Code of Business Conduct and Ethics

We will post any future changes to these documents to our website and may not otherwise publicly file such changes. Our regular filings with the SEC and our Trustees' and executive officers' filings under Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), are also available on our website. In addition, copies of these documents are available free of charge from the Company upon your written request. Requests should be sent to our investor relations department located at our principal executive office.

The Code of Business Conduct and Ethics applies to all of our Trustees, executive officers and other employees.

Board Independence

The Board has determined that Mses. Beinecke and Puri and Messrs. Kogod, Lynne, Mandelbaum, Tisch and Wight and Dr. West are independent under the Corporate Governance Standards of the NYSE, with the result that eight of our 10 Trustees are independent. The Board reached this conclusion after considering all applicable relationships between or among such Trustees and the Company or management of the Company. These relationships are described in the sections of this proxy statement entitled "Relationships Among Our Trustees" and "Certain Relationships and Related Transactions." Among other factors considered by the Board in making its determinations regarding independence was the Board's determination that these Trustees met all of the "bright-line" requirements of the NYSE's Corporate Governance Standards as well as the categorical standards adopted by the Board as contained in our Corporate Governance Guidelines.

Shareholder Engagement and Governance Changes

During the past three years we have adopted or are proposing a number of significant governance changes following outreach to our shareholders for their views. During each of the last three years, we met with or spoke to holders of approximately 50% of our Shares. Based on that outreach, we believe the combination of actions we have taken present an overall governance structure responsive to their views. The changes implemented include:

Changes made since the date of our last proxy statement

- Adding Ms. Mandakini Puri as a new independent Trustee.
- Adopting proxy access.
- Further enhancing the roles and responsibilities of the Lead Trustee.

Changes made in 2016

- Amending our Corporate Governance Guidelines to provide that, in an uncontested election, if a nominee for Trustee does not receive majority support for election to the Board (more "for" votes than "withhold" votes) that Trustee must offer to resign from the Board. The Board would then determine whether to accept or reject the resignation and disclose its rationale for its decision.

- Amending our Declaration of Trust to provide for the phased-in annual election of our Board of Trustees, with the Board fully declassified in 2019.

- Appointing Ms. Candace K. Beinecke as our new Lead Trustee.

- Amending our Corporate Governance Guidelines to provide for increased clarity and emphasis on diversity as a criteria for the selection of new Trustees.

Table of Contents

Changes made in 2015

- Increasing the power and authority of our Lead Trustee to reflect best practices.
- Increasing Trustee equity ownership requirements to five times (from four times) their annual cash retainer.
- Designating an additional member of the Audit Committee to be an "audit committee financial expert."
- Adopting an anti-hedging policy.
- Adopting a claw-back policy.

We have also significantly enhanced the corporate governance, sustainability and executive compensation disclosures in our proxy statement in the last three years.

Sustainability

Our Board plays an active role in the oversight of Vornado's sustainability practices, recognizing that sustainability and energy efficiency are central to Vornado's business strategy. Our efforts in promoting sustainability and energy efficiency are backed by a record of action. We focus on:

- Sustainable and efficient practices in the way we design, build, retrofit and maintain our portfolio of buildings.
- The next frontier of sustainable real estate: programs concentrating on technology, resiliency and health.
- Smart infrastructure improvements, investing in sustainable technologies and employing best practices for building operations.
- Establishing partnerships with our tenants and communities.

- Reporting on our progress and achievements in our annual sustainability report available on our website at http://www.vno.com/sustainability/overview.

We are recognized as an industry leader in sustainability and energy efficiency.

- We have received the Energy Star Partner of the Year Award in 2013, 2014 and 2015.
- In every year since 2013, we have received the Global Real Estate Sustainability Benchmark (GRESB) Green Star Ranking.
- We have received the NAREIT Leader in the Light Award for every year since 2010, recognizing us as a leader in energy efficiency.
- We are the largest owner of LEED-certified property in the United States.

Social Engagement

Our greatest and most scarce asset is our people. We strongly believe in training and retaining talented employees and having management at many levels engage with our Board.

Furthermore, a good relationship with the communities in which we operate is essential. We foster and encourage community engagement.

Corporate Governance at a Glance

Board Independence

n Eight out of 10 of our Trustees are independent.

n Our only non-independent Trustees are our current and former CEOs, who have extensive and valuable experience with our Company.

n Our Board members have significant personal investments in our Company and engage in robust and open debates concerning all significant matters affecting our Company.

Board Composition

n Currently the Board has fixed the number of Trustees at 10.

n The Board at least annually assesses its performance through Board and committee self-evaluation as well as an evaluation of each individual member.

n Our Trustees are highly experienced in their fields of endeavor and apply valuable and diverse skill sets to address our business and strategic needs.

n The Corporate Governance and Nominating Committee leads the full Board in considering Board competencies and refreshment and actively seeks new candidates to consider as Board members.

Board Committees

n We have four committees Audit, Compensation, Corporate Governance and Nominating, and Executive.

n

With the exception of the Executive Committee (our Chairman serves on this Committee) all other Committees are composed entirely of independent Trustees.

Leadership Structure

- Our Chairman is the CEO of our Company. He interacts closely with our independent Lead Trustee who has powers and duties that reflect corporate governance best practices.

- The independent Board members consider our Lead Trustee annually. Our Board appointed Ms. Candace K. Beinecke as new Lead Trustee in March 2016 (and again in February 2017). Among other duties, our Lead Trustee chairs executive sessions of the independent Trustees to discuss certain matters without management present and approves agenda items and materials sent to the Board.

- The Board will consider whether an independent chairperson is appropriate at the time of the next CEO transition.

Risk Oversight

- Our full Board is responsible for risk oversight, and has designated, and may in the future designate, committees to have particular oversight of certain key risks. Our Board oversees management as management fulfills its responsibilities for the assessment and mitigation of risks and for taking appropriate risks.

Table of Contents

Open Communication and Shareholder Engagement

- We encourage open communication and strong working relationships among the Lead Trustee, the Chairs of our Board committees, our Chairman and our other Trustees.
- Our Trustees have access to, and regularly meet with, senior management and other employees.
- We actively seek input from our shareholders through our shareholder engagement programs; shareholders may also contact our Board, Lead Trustee or management through our website or by regular mail.
- We host quarterly earnings conference calls to which all shareholders have access.

Trustee Stock Ownership

- Our Trustees are required to own (or acquire within a specified time-frame) Shares having a value equal to at least five times their annual cash retainer.

Management Succession Planning

- Our Corporate Governance and Nominating Committee actively monitors our succession planning.
- Our Board regularly reviews senior management succession and development plans. Our Board regularly reviews future candidates for the CEO position and other senior leadership roles and potential succession timing for those positions, including under emergency circumstances.
- The Board also reviews and discusses career development plans for individuals identified as high-potential candidates for senior leadership positions and the Board members interact with these candidates in formal and informal settings during the year.

Sustainability and Corporate Responsibility

- The Board monitors our programs and initiatives on sustainability, environmental matters and social responsibility.

Developing an Effective Board

Our Board believes that the Board should be comprised of members who encompass a broad range of skills, expertise, industry knowledge and diversity of opinion and contacts relevant to our business. The Board considers the following characteristics, competencies, and attributes when considering candidates for inclusion on our Board.

Personal Characteristics

n

Integrity and Accountability: High ethical standards, integrity and strength of character in his or her personal and professional dealings and a willingness to act on and be accountable for his or her decisions.

n

Informed Judgment: Demonstrate intelligence, wisdom and thoughtfulness in decision-making. Demonstrate a willingness to thoroughly discuss issues, ask questions, express reservations and voice dissent.

n

Financial Literacy: An ability to read and understand financial statements, financial ratios and various other indices for evaluating the Company's performance.

Table of Contents

- *Mature Confidence:* Assertive, responsible and supportive in dealing with others. Respect for others, openness to others' opinions and the willingness to listen.
- *High Standards:* History of achievements that reflect high standards for himself or herself and others.

Core competencies

- *Accounting and Finance:* Experience in financial accounting and corporate finance, especially with respect to the industry in which our Company operates.
- *Business Judgment:* Record of making good business decisions and evidence that he or she will act in good faith and in a manner that is in the best interests of our Company.
- *Strategic Insight:* Record of insight with respect to our industry and market and other trends and conditions and applying such insight to create value or limit risk.
- *Management:* Experience in corporate management. Understand management trends in general and in the areas in which we conduct our business.
- *Crisis Response:* Ability and time to perform during periods of both short-term and prolonged crisis.
- *Industry:* Specialized experience and skills in areas in which the Company conducts its business, including real estate, investments, capital markets and technology relevant to the Company.
- *Local Markets:* Experience in markets in which our Company operates.
- *Leadership:* Understand and possess skills and have a history of motivating high-performing, talented managers.
-

Strategy and Vision: Skills and capacity to provide strategic insight and direction by encouraging innovations, conceptualizing key trends, evaluating strategic decisions, and challenging our management to sharpen its vision.

Commitment to our Company

n

Time and Effort: Able and willing to commit the time and energy necessary to satisfy the requirements of Board and Board committee membership. Expected to attend and participate in all Board meetings and Board committee meetings for which they are a member. Encouraged to attend all annual meetings of shareholders. A willingness to rigorously prepare prior to each meeting and actively participate in the meeting. Willingness to make himself or herself available to management upon request to provide advice and counsel.

n

Awareness and Ongoing Education: Possess, or be willing to develop, a broad knowledge of both critical issues affecting our Company (including industry-, technology- and market-specific information), and Trustee's roles and responsibilities (including the general legal principles that guide Board members).

n

Other Commitments: In light of other existing commitments, ability to perform adequately as a Trustee and a willingness to do so.

n

Stock Ownership: Complies with the Company's equity ownership requirements.

Team and Company considerations

- *Balancing the Board:* Contributes talent, skills and experience to the Board as a team to supplement existing resources and provide talent for future needs preferably as evidenced by a pattern of dealings with one or more current Board members.
- *Diversity:* Contributes to the Board in a way that can enhance perspective and judgment through diversity in gender, age, background, geographic origin and professional experience (public, private, and non-profit sectors). Nomination of a candidate should not be based solely on these listed factors.

* * * * * * * * * * * * * * * * *

The following chart summarizes the competencies currently represented on our Board; the details of each Trustee's competencies are included in each Trustee's profile.

Competency/Attribute	Roth	Beinecke	Kogod	Fascitelli	Lynne	Mandelbaum	Puri	Tisch	West	Wight
Operating	x	x	x	x	x	x		x		x
Public company experience	x	x	x	x	x	x	x	x	x	x
Industry expertise	x		x	x		x		x		x
Financial literacy	x	x	x	x	x	x	x	x	x	x
Experience over several business cycles	x	x	x	x	x	x	x	x	x	x
Capital markets expertise	x	x	x	x		x	x	x	x	x
Investment expertise	x	x	x	x	x	x	x	x	x	x
Risk/crisis management	x	x	x	x	x	x	x	x	x	x
Accounting expertise	x		x				x	x	x	
Government/business conduct/legal	x	x	x	x	x	x	x		x	x

Board Leadership Structure

Our Board is deeply focused on our corporate governance practices. We value independent board oversight as an essential component of strong corporate performance to enhance shareholder value. All of our Trustees are independent, except our current and former Chief Executive Officers. In addition, all of the members of our Board's committees, except the Executive Committee, are independent.

Our Board of Trustees is responsible for selecting the Chairman of the Board and the CEO. The Board annually reviews its leadership structure. The Board has determined that the combined role of Chairman and CEO, alongside an active and independent Lead Trustee position, is currently the best structure for Vornado and its shareholders. In its review of our leadership structure, the Board considered the following:

- Our current structure promotes clear lines of responsibility and accountability, while maintaining the Board's independence from management.
- Mr. Roth, our Chairman and CEO, is a well-seasoned leader with over 35 years of experience in building and leading our Company. He has effectively guided the Company through various real estate cycles and over a long period of increase in shareholder value. After considering the views expressed by our shareholders and other constituents, as well as the particular circumstances affecting the Company, the Board concluded he is the best person to serve as Chairman.
- Mr. Roth fulfills his responsibilities in chairing an independent board through close interaction with our Lead Trustee, Ms. Beinecke.
- The power and authority of our Lead Trustee role was increased in 2015 and 2017, see "Lead Trustee Role."

- The views expressed by shareholders through direct outreach and engagement.
- Our governance culture fosters open communication among the Lead Trustee, Chairman and other Trustees, which we believe is essential to developing an understanding of important issues, promoting appropriate oversight and encouraging frank discussion of key topics relevant to a complex and dynamic enterprise.

Lead Trustee Role

A Lead Trustee is elected annually by the independent Trustees. Ms. Beinecke was first elected by our independent Trustees to serve as Lead Trustee for a one-year term on March 16, 2016, and was reelected for her second term on February 9, 2017. When making the selection, the Board considered the attributes desired in a Lead Trustee, including being an effective communicator, having the ability to provide leadership and encourage open dialogue, having a relevant background and the ability to devote sufficient time and attention to the position.

Our Lead Trustee position has clearly defined duties and responsibilities, which are set forth in our Governance Guidelines. They include the following authorities and responsibilities:

- preside at all meetings of the Board at which the Chairman is not present;
- serve as liaison between the Chairman and the independent Trustees;
- approve, in consultation with the Chairman:
  - the schedule of Board meetings,
  - Board meeting agenda items,
  - materials sent in advance of Board meetings, including the quality, quantity, appropriateness and timeliness of such information;
- ability to call meetings of the independent Trustees as necessary and appropriate;

- participate in annual self-evaluations of the Board and its committees;
- contribute to ongoing management succession and development planning;
- participate in shareholder outreach, and be available for consultation and direct communication if requested by major shareholders; and
- communicate shareholder feedback to the full Board.

As both Lead Trustee and Chair of the Corporate Governance and Nominating committee, Ms. Beinecke has been actively involved in governance-related discussions with our shareholders. As Lead Trustee, Ms. Beinecke has worked closely with our Chairman, Mr. Roth, to develop Board meeting agenda items and ensure sufficient time allocation to these items and has facilitated robust discussions regarding long-term strategy and shareholder value creation and talent retention and development.

The strong working relationships among the Lead Trustee, Chairman and other Trustees are supported by a board governance culture that fosters open communications among the members, both during meetings and in the intervals between meetings. Open communication is important to develop an understanding of issues, promote appropriate oversight, and encourage the frank discussion of matters essential to leading a complex and dynamic enterprise.

Board Refreshment

In 2016, we welcomed a new member, Ms. Mandakini Puri, to our Board of Trustees. We are committed to ongoing Board refreshment and will continue to actively pursue qualified, diverse candidates for election to our Board.

Committees of the Board of Trustees

The Board has an Executive Committee, an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. Other than the Executive Committee, each committee is comprised solely of independent Trustees.

The Board held 10 meetings during 2016. Each Trustee attended at least 75% of the combined total of the meetings of the Board and all committees on which he or she served during 2016.

In addition to full meetings of the Board, non-management Trustees met five times in sessions without members of management present. Until March 16, 2016, Mr. Wight, as Lead Trustee, acted as presiding member during these non-management sessions. Since March 16, 2016, Ms. Beinecke acts as Lead Trustee. We do not have a policy with regard to Trustees' attendance at Annual Meetings of Shareholders. All of our Trustees serving at the time of our 2016 Annual Meeting of Shareholders were present at the meeting.

Executive Committee

The Executive Committee possesses and may exercise certain powers of the Board in the direction of the management of the business and affairs of the Company. The Executive Committee consists of three members, Mr. Roth, Ms. Beinecke and Mr. Wight. Mr. Roth is the Chairman of the Executive Committee. The Executive Committee did not meet in 2016.

Audit Committee

The Audit Committee held six meetings during 2016. The members of the Audit Committee are Dr. West, as Chairman, Mr. Kogod and Mr. Tisch.

The Board has adopted a written Audit Committee Charter, which sets forth the membership requirements and responsibilities of the Audit Committee, among other matters. The Audit Committee Charter is available on our website (www.vno.com). The Board has determined that all existing Audit Committee members meet the NYSE and SEC standards for independence and the NYSE standards for financial literacy. In addition, at all times, at least one member of the Audit Committee has met the NYSE standards for financial management expertise.

The Board has determined that each of Dr. West and Mr. Tisch is an "audit committee financial expert," as defined by SEC Regulation S-K, and thus has at least two such experts serving on its Audit Committee. The Board reached this conclusion based on the relevant experience of each of Dr. West and Mr. Tisch, including as described above under "Biographies of our Trustees."

The Audit Committee's purposes are to: (i) assist the Board in its oversight of (a) the integrity of our financial statements, (b) our compliance with legal and regulatory requirements, (c) the independent registered public accounting firm's qualifications and independence and (d) the performance of the independent registered public accounting firm and the Company's internal audit function; and (ii) prepare an Audit Committee report as required by the SEC for inclusion in our annual proxy statement. The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of our financial statements and for the effectiveness of internal control over financial reporting. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for planning and carrying out a

Table of Contents

proper audit of our annual financial statements prior to the filing of our Annual Report on Form 10-K, reviewing our quarterly financial statements prior to the filing of each of our Quarterly Reports on Form 10-Q and annually auditing the effectiveness of internal control over financial reporting and other procedures. Persons interested in contacting our Audit Committee members with regard to accounting, auditing or financial concerns will find information on how to do so on our website (www.vno.com).

Compensation Committee

The Compensation Committee is responsible for establishing the terms of the compensation of the executive officers and the granting and administration of awards under the Company's omnibus share plans. The committee, which held seven meetings during 2016, consists of the following members: Mr. Lynne, as Chairman, Dr. West and Mr. Tisch. All members of the Compensation Committee have been determined by the Board to be independent. The Board has adopted a written Compensation Committee Charter which is available on our website (www.vno.com).

Compensation decisions for our executive officers are made by the Compensation Committee. Decisions regarding compensation of other employees are made by our Chief Executive Officer and are subject to review and approval of the Compensation Committee. Compensation decisions for our Trustees are made by the Compensation Committee and/or the full Board.

The agenda for meetings of the Compensation Committee is determined by its Chairman with the assistance of the Company's Secretary and/or other members of management. Compensation Committee meetings are attended from time to time by members of management at the invitation of the Compensation Committee. The Compensation Committee's Chairman reports the committee's determination of executive compensation to the Board. The Compensation Committee has authority under its charter to elect, retain and approve fees for, and to terminate the engagement of, compensation consultants, special counsel or other experts or consultants as it deems appropriate to assist in the fulfillment of its responsibilities. The Compensation Committee reviews the total fees paid by us to outside consultants to ensure that such consultants maintain their objectivity and independence when rendering advice to the committee. The Compensation Committee may receive advice from compensation consultants, special counsel or other experts or consultants only after consideration of relevant factors related to their fees, services and potential conflicts of interests, as outlined in the Compensation Committee's Charter.

The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the committee. In particular, the Compensation 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 SEC Rule 16b-3; and (ii) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. Currently, all members of the Compensation Committee meet these criteria.

See "Compensation Discussion and Analysis" below for a discussion of the role of executive officers in determining or recommending compensation for our executive officers. We have also included under "Compensation Discussion and Analysis" a discussion of the role of compensation consultants in determining or recommending the amount or form of executive or Trustee compensation.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee, which met three times during 2016, consists of Ms. Beinecke, as Chair, and Messrs. Mandelbaum and Wight. In addition, during 2016, members of the Corporate Governance and Nominating Committee led several discussions of governance matters with the full Board. Further, in the past year Ms. Beinecke (and members of management) met in person or telephonically with several significant shareholders to discuss our governance practices. Each of Ms. Beinecke and Messrs. Mandelbaum and Wight has been determined by the Board to be independent. The Board has adopted a written Corporate Governance and Nominating Committee Charter which is available on our website (www.vno.com). The committee's responsibilities include the selection of potential candidates for the Board

Table of Contents

and the development and review of our governance principles. It also reviews Trustee compensation and benefits, and oversees annual self-evaluations of the Board and its committees. The committee also makes recommendations to the Board concerning the structure and membership of the other Board committees as well as management succession plans. The committee selects and evaluates candidates for the Board in accordance with the criteria set out in the Company's Corporate Governance Guidelines and as are set forth below. The committee is then responsible for recommending to the Board a slate of candidates for Trustee positions for the Board's approval. Generally, candidates for a position as a member of the Board are suggested by existing Board members; however, the Corporate Governance and Nominating Committee will consider shareholder recommendations for candidates for the Board sent to the Corporate Governance and Nominating Committee, c/o Alan J. Rice, Secretary, Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019, and will evaluate any such recommendations using the criteria set forth in the Corporate Governance and Nominating Committee Charter and our Corporate Governance Guidelines.

The Board's Role in Risk Oversight

While day-to-day risk management is primarily the responsibility of the Company's senior management team, the Board of Trustees is responsible for the overall supervision of the Company's risk management activities. The Board's oversight of the material risks faced by our Company occurs at both the full Board level and at the committee level. The Board's role in the Company's risk oversight process includes receiving reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate "risk owner" within our organization or in connection with other management-prepared presentations of risk to enable the Board (or committee, as applicable) to understand our risk identification, risk management and risk mitigation strategies. By "risk owner," we mean that person or group of persons who is or are primarily responsible for overseeing a particular risk. As part of its charter, the Audit Committee discusses our policies with respect to risk assessment and risk management and reports to the full Board its conclusions as a partial basis for further discussion by the full Board. This enables the Board and the applicable committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. In addition to the Board's review of risks applicable to the Company generally, the Board conducts an annual strategic and personnel review.

* * * * *

Persons wishing to contact the independent members of the Board should call (866) 537-4644. A recording of each phone call to this number will be sent to one independent member of the Audit Committee as well as to a member of management who may respond to any such call if the caller provides a return number. This means of contact should not be used for solicitations or communications with us of a general nature. Information on how to contact us generally is available on our website (www.vno.com).

Table of Contents

PRINCIPAL SECURITY HOLDERS

The following table lists the number of Shares and Units beneficially owned, as of March 20, 2017, by (i) each person who holds more than a 5% interest in the Company or our operating partnership, Vornado Realty L.P., a Delaware limited partnership (the "Operating Partnership"), (ii) Trustees of the Company, (iii) the executive officers of the Company defined as "Named Executive Officers" in "Executive Compensation" below, and (iv) the Trustees and all executive officers of the Company as a group. Unless otherwise specified, "Units" are Class A units of limited partnership interest of our Operating Partnership and other classes of units convertible into Class A units. The Company's ownership of Units is not reflected in the table but is described in footnotes (1) and (2).

Name of Beneficial Owner	Address of Beneficial Owner	Number of Shares and Units Beneficially Owned(1)(2)	Percent of All Shares(1)(2)(3)	Percent of All Shares and Units(1)(2)(4)
Named Executive Officers and Trustees				
Steven Roth(5)(6)(7)(8)	(9)	9,653,542	5.07%	4.76%
David Mandelbaum(5)(8)(10)	(9)	8,959,402	4.73%	4.44%
Russell B. Wight, Jr.(5)(8)(11)	(9)	5,958,159	3.15%	2.95%
Michael D. Fascitelli(7)(8)(12)	(9)	2,753,974	1.45%	1.36%
Robert P. Kogod(8)(13)	(9)	2,060,866	1.08%	1.02%
David R. Greenbaum(7)(8)(14)	(9)	738,075	*	*
Mitchell N. Schear(7)(8)	(9)	286,667	*	*
Michael J. Franco(7)(8)	(9)	206,061	*	*
Daniel R. Tisch(8)(15)	(9)	61,730	*	*
Richard R. West(8)(16)	(9)	35,153	*	*
Michael Lynne(8)	(9)	12,092	*	*
Candace K. Beinecke(8)	(9)	11,791	*	*
Stephen Theriot(8)	(9)	9,328	*	*
Mandakini Puri(8)	(9)	0	*	*
All Trustees and executive officers as a group (16 persons)(7)(8)	(9)	20,004,292	10.33%	9.81%
Other Beneficial Owners				
The Vanguard Group, Inc.(17)	100 Vanguard Blvd Malvern, PA 19355	24,064,682	12.71%	11.92%
		12,890,502	6.81%	6.38%

Vanguard Specialized Funds Vanguard REIT Index Fund[18]	100 Vanguard Blvd Malvern, PA 19355			
BlackRock, Inc.[19]	55 East 52nd Street New York, NY 10022	15,577,768	8.23%	7.72%
State Street Corporation[20]	One Lincoln Street Boston, MA 02111	10,041,727	5.30%	4.97%

* *Less than 1%.*

Table of Contents

(1)

Unless otherwise indicated, each person is the direct owner of, and has sole voting power and sole investment power with respect to, such Shares and Units. Numbers and percentages in the table are based on 189,291,850 Shares and 12,612,721 Units (other than Units held by the Company) outstanding as of March 20, 2017.

(2)

In April 1997, the Company transferred substantially all of its assets to the Operating Partnership. As a result, the Company conducts its business through, and substantially all of its interests in properties are held by, the Operating Partnership. The Company is the sole general partner of, and owned approximately 94% of the Units of, the Operating Partnership as of March 20, 2017 (one Unit for each Share outstanding). Generally, any time after one year from the date of issuance (or two years in the case of certain holders), holders of Units (other than the Company) have the right to have their Units redeemed in whole or in part by the Operating Partnership for cash equal to the fair market value, at the time of redemption, of one Share for each Unit redeemed or, at the option of the Company, cash or one Share for each Unit tendered, subject to customary anti-dilution provisions (the "Unit Redemption Right"). Holders of Units may be able to sell publicly Shares received upon the exercise of their Unit Redemption Right pursuant to registration rights agreements with the Company or otherwise pursuant to applicable securities laws and rules. The Company has filed registration statements with the SEC to register the issuance or resale of certain of the Shares issuable upon the exercise of the Unit Redemption Right.

(3)

The total number of Shares outstanding used in calculating this percentage assumes that all Shares that each person has the right to acquire within 60 days of the record date (pursuant to the exercise of options or upon the redemption or conversion of other Company or Operating Partnership securities for or into Shares) are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person.

(4)

The total number of Shares and Units outstanding used in calculating this percentage assumes that all Shares and Units that each person has the right to acquire within 60 days of the record date (pursuant to the exercise of options or upon the redemption or conversion of Company or Operating Partnership securities for or into Shares or Units) are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person.

(5)

Interstate, a partnership of which Messrs. Roth, Wight and Mandelbaum are the three general partners, owns 5,503,548 Shares. These Shares are included in the total Shares and the percentage of class for each of them. Messrs. Roth, Wight and Mandelbaum share voting power and investment power with respect to these Shares.

(6)

Includes 3,873 Shares owned by the Daryl and Steven Roth Foundation over which Mr. Roth holds sole voting power and sole investment power. Does not include 37,299 Shares owned by Mr. Roth's spouse, as to which Mr. Roth disclaims any beneficial interest.

(7)

The number of Shares beneficially owned by the following persons includes the number of Shares indicated due to the vesting of options: Steven Roth 720,846; Michael D. Fascitelli 720,846; David R. Greenbaum 202,841; Mitchell N. Schear 150,983; Michael J. Franco 65,750; and all Trustees and executive officers as a group 2,024,034.

(8)

The number of Shares and Units (but not the number of Shares alone) beneficially owned by the following persons also includes the number of vested and redeemable restricted units (as described below) as indicated: Steven Roth 23,832; David Mandelbaum 7,016; Russell B. Wight, Jr. 7,016; Michael D. Fascitelli 27,895; Robert P. Kogod 7,016; David R. Greenbaum 10,926; Mitchell N. Schear 9,836; Michael J. Franco 21,193; Richard R. West 6,408; Michael Lynne 9,820; Daniel R. Tisch 6,730; Candace K. Beinecke 9,557; Stephen W. Theriot 883; Mandakini Puri 0; and all Trustees and executive officers as a group 157,453. The number of Shares or Units beneficially owned by the following persons does not include the number of unvested or unredeemable restricted units as indicated: Steven Roth 128,356; David Mandelbaum 2,583; Russell B. Wight, Jr. 2,583; Michael D. Fascitelli 2,583; Robert P. Kogod 2,583; David R, Greenbaum 74,345; Mitchell N. Schear 38,790; Michael J. Franco 111,106; Richard R. West 2,583; Michael Lynne 2,583; Daniel R. Tisch 2,583; Candace K. Beinecke 2,583;

Table of Contents

Stephen W. Theriot 16,975; Mandakini Puri 0; and all Trustees and executive officers as a group 448,148. The number of Shares or Units beneficially owned by the following persons also includes the number of earned and vested Outperformance Plan Units ("OPP Units") as indicated: Steven Roth 106,000; David R. Greenbaum 26,904; Mitchell N. Schear 21,009; Michael J. Franco 25,784; Stephen W. Theriot 2,532 and all Trustees and executive officers as a group 206,233. The number of Shares or Units beneficially owned by the following persons does not include the number of unearned and unvested OPP Units as indicated: Steven Roth 520,530; David R. Greenbaum 170,646; Mitchell N. Schear 69,202; Michael J. Franco 159,477; Stephen W. Theriot 35,617 and all Trustees and executive officers as a group 1,076,988. Mr. Theriot served as our Chief Financial Officer until February 15, 2017, when he assumed the position of Chief Financial Officer of JBG SMITH.

(9)
The address of such person(s) is c/o Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019.

(10)
Of these Shares, 2,909,252 are held in a partnership of which the general partner is Mr. Mandelbaum and the limited partners are Mr. Mandelbaum and trusts for the benefit of Mr. Mandelbaum and his issue. In addition, 122,002 of these Shares are held in trusts for the benefit of Mr. Mandelbaum's grandchildren.

(11)
Includes 31,907 Shares owned by the Wight Foundation, over which Mr. Wight holds sole voting power and sole investment power. Does not include 20,575 Shares owned by the spouse and children of Mr. Wight as to which Mr. Wight disclaims any beneficial interest.

(12)
The number of Shares beneficially owned by Mr. Fascitelli includes 67,537 Shares held by a limited partnership and 105,191 Shares held in a limited liability company and does not include 3,150 Shares owned by his children as to which Mr. Fascitelli disclaims any beneficial interest.

(13)
Includes 1,099,796 Units held through corporations (individually or jointly with his spouse). Excludes 188,972 Shares/Units held by his spouse as to which Mr. Kogod disclaims any beneficial interest.

(14)
Includes 49,817 Units held by a limited liability company and 77,427 Shares held in grantor trusts and 30,700 Shares held in a family trust. Excludes 53,960 Shares and 3,040 Units held in trusts for the benefit of his children and 12,948 Units held by his spouse as to which Mr. Greenbaum disclaims any beneficial interest.

(15)
50,000 of these Shares are held through a foundation. Mr. Tisch maintains the right to control the vote and disposition of these Shares, but disclaims any pecuniary interest therein.

(16)

Dr. West and his wife own 3,231 of these Shares jointly. Also included are 1,593 Shares that may be acquired upon conversion of 1,000 Series A preferred shares of beneficial interest owned by Dr. West.

(17) *According to an amendment to Schedule 13G filed on February 13, 2017.*

(18) *According to an amendment to Schedule 13G filed on February 13, 2017.*

(19) *According to an amendment to Schedule 13G filed on January 27, 2017.*

(20) *According to a Schedule 13G filed on February 10, 2017.*

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires our Trustees and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership of, and transactions in, certain classes of our equity securities with the SEC. Such Trustees, executive officers and 10% shareholders are also required to furnish us with copies of all Section 16(a) reports they file.

Based solely on a review of the Forms 3, 4 and 5, and any amendments thereto, furnished to us, and on written representations from certain reporting persons, we believe that there were no filing deficiencies under Section 16(a) by our Trustees, executive officers and 10% shareholders in the year ended December 31, 2016.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

One of the fundamental objectives of our Compensation Committee is to ensure we provide a comprehensive compensation program that aids us in our efforts to attract, retain and appropriately reward a "best-in-class" executive management team. Such a program is critical to our achieving continued success in the highly-competitive commercial real estate industry. To better align the interests of our executive officers with those of our shareholders in a pay-for-performance setting, a significant portion of each executive's total compensation is variable through a combination of performance-based, short- and long-term incentives, which are described in more detail below.

The objectives of our executive compensation program are to:

- **Retain** a highly-experienced, "best-in-class" team of executives who have worked together as a team for a long period of time and who make major contributions to our success.
- **Attract** other highly-qualified executives to strengthen that team as needed.
- **Motivate** our executives to contribute to the achievement of company-wide and business-unit goals as well as to pursue individual goals.
- **Emphasize** equity-based incentives with long-term performance measurement periods and vesting conditions.
- **Align** the interests of executives with shareholders by linking payouts under annual incentives to performance measures that promote the creation of long-term shareholder value.
- **Achieve** an appropriate balance between risk and reward in our compensation programs that does not encourage excessive or inappropriate risk-taking.

Our executive compensation program is intended to reward the achievement of annual, long-term and strategic goals of both the Company and the individual executive. In order to achieve these intentions, our executive compensation program includes both fixed and variable components, as well as annual and long-term components, as described below. In particular, for our Chairman and Chief Executive Officer (or "CEO"), a majority of his compensation has been provided in the form of equity compensation subject to multi-year TSR performance (OPP units) and/or time-based vesting provisions designed to ensure that the value of his ultimately realized compensation is based on our share price performance, further aligning his interests with those of the Company and our shareholders. "TSR" means our total shareholder return including dividends. "OPP" means our outperformance plans and "OPP units" are the awards granted under those plans.

In addition to the goals and objectives of our compensation program, we are also committed to promoting appropriate governance that serves the interests of both our executive management team and shareholders.

Table of Contents

The table below highlights key features of our executive compensation and governance programs:

ü Directly align pay with performance as evidenced by our annual bonus program, which is formula-driven and our annual equity awards, which are tied to absolute and relative TSR	× No excise tax gross-up provisions
ü Create significant alignment with shareholders and pay the majority of our executive compensation in the form of equity	× No guaranteed cash incentives, equity compensation or salary increases for Named Executive Officers
ü Maintain a cap on incentive compensation payments	× No excessive perquisites or benefits
ü Include robust hurdles in our Outperformance Plans based on absolute and relative TSR performance over a 3-year period to encourage long-term strategic planning	× No dividends or distributions on unearned equity awards subject to performance-based vesting (except limited distributions for tax purposes)
ü Mandatory hold periods. Members of senior management receive (a) restricted units which require a two-year holding period (regardless of vesting) and a "book-up" event (typically an increase in Share price) to have value and (b) OPP units with a 1-year holding period on earned awards after vesting	× No excessive retirement benefits
ü Robust equity ownership requirements	× Don't allow hedging or pledging of our equity securities
CEO: 6x salary	
Other executives: 3x salary	
Trustees: 5x cash retainer	
ü "Double trigger" acceleration of the vesting of any unvested equity awards in connection with a change of control	× No golden parachute for our CEO
ü Clawback policy	× No repricing of options
ü Annual compensation risk assessment	
ü Annual say-on-pay vote	
ü Independent compensation consultant	

As an indication of the positive response of our shareholders to our approach, at our 2016 Annual Meeting approximately 88% of the votes cast on our advisory vote on executive compensation were cast FOR our compensation program. Our Compensation Committee considered the results of the 2016 votes and has continued our compensation program design which it believes embodies shareholder-friendly practices.

Table of Contents

Business Highlights

During 2016, we continued our simplification and focusing strategy while recording strong financial results. For 2016, the following highlights were among the factors considered in the compensation decision process:

- We made significant progress in furthering our simplification and focus strategy by entering into a definitive agreement to spin-off our Washington, D.C. segment and combine it with the management business and certain Washington, DC assets of The JBG Companies, a Washington D.C. real estate company. The combined company will be named JBG SMITH Properties and will be the largest, market-leading, best-in-class, pure-play Washington, D.C. real estate company.
- We achieved 7.3% TSR for 2016, as compared to 3.9% for 2015.
- Net income increased by $143.7 million (or $0.75 per diluted share) year-over-year (2016 over 2015).
- FFO increased $418.6 million (or $2.18 per diluted share) year-over-year (2016 over 2015).
- We achieved a 6.2% increase in same store EBITDA year-over-year (2016 over 2015) for our New York Office and Retail portfolio, theMart and our 555 California Street complex.
- In 2016, we completed $3.8 billion of financings in 10 transactions, as well as extending one of our two $1.25 billion unsecured revolving credit facilities from June 2017 to February 2021, at lower pricing.
- Strong leasing performance in 2016. In our New York portfolio we leased 2,240,000 square feet of office space, reflecting strong mark-to-markets of 21.2% GAAP (as defined below) and 18.0% cash and 111,000 square feet of retail space with positive mark-to-markets of 23.4% GAAP and 11.9% cash.
- Over the past five years, including Urban Edge and JBG SMITH, we will have distributed $9.6 billion of assets to shareholders through spinoffs and exited $5.7 billion of non-core assets.

n

Over the past five years, we have made $4.0 billion of acquisitions, primarily in the highest-quality core New York assets.

Compensation Components

Our Named Executive Officers' compensation currently has three primary components:

n annual base salary;

n annual incentive awards, which include cash payments and/or awards of equity; and

n long-term equity incentives, which include restricted units and long-term incentive performance unit awards such as those awarded under our OPP.

The overall levels of compensation and the allocation among these components are determined annually by our Compensation Committee based upon an analysis of the Company's performance during the year and a review of the prevailing competitive market for executive talent in which we operate. Historically, a substantial majority of the total compensation for our CEO has been in the form of long-term equity awards, including performance-based awards subject to relative performance thresholds such as those awarded under our OPP. These longer-term awards further the Compensation Committee's desire to directly align management and shareholder interests and to provide incentives for each executive to successfully implement our long-term strategic goals.

The components of our compensation program for our senior management can be described as shown in the chart below. As noted below, each component of compensation is subject to a cap.

Base Salary	Cash	**Objective:** Provide an appropriate level of fixed compensation that will promote executive retention and recruitment **Key Features/Actions:** n Fixed Compensation n No executive receives in excess of $1,000,000 in salary (not including the effect of an "extra" pay period in 2016) n NEO base salaries were unchanged for 2016 from 2015, nor have there been any increases in NEO base salary levels for the past several years
Annual Incentive Awards	Short-Term Variable Incentive Cash and Restricted Equity	**Objective:** To reward the achievement of financial and operating objectives based on the Compensation Committee's quantitative and qualitative assessment of the executive's contributions to that performance. A portion of such award is typically given in restricted equity (other than for the CEO) to further

align executive's interests with those of shareholders.

Key Features/Actions:

n

Variable, short-term cash compensation and time-based equity awards

n

Funded upon the achievement of a threshold level of FFO, as adjusted

n

Aggregate pool capped at 1.25% of FFO, as adjusted

n

Allocated based on objective and subjective Company, business unit and individual performance

n

Committee can decide to pay out less than the full amount of the funded pool

Table of Contents

Annual Restricted Equity Grants	Long-Term Variable Incentive Equity	**Objective:** To align executive and shareholder interests, promote executive retention with multi-year vesting and provide stable long-term compensation. **Key Features/Actions:** n Vest ratably over a four-year period n Subject to a two-year holding period (regardless of vesting) and a "book-up" event (typically an increase in Share price) to have value
Outperformance Plan	Long-Term Variable Incentive At-Risk Equity	**Objective:** Designed to enhance the pay-for-performance structure and shareholder alignment, while motivating and rewarding senior management for superior TSR performance based on rigorous absolute and relative hurdles. **Key Features/Actions:** n Only provides value to our executives upon the creation of meaningful shareholder value above specified hurdles over a three-year performance period

n

Subject to a maximum plan value of $35 million (for grants in 2017)

n

Under the Absolute TSR component, the Company must achieve a return in excess of 21% (or 7% per annum) to earn any value

n

Under the Relative TSR Component, the Company must achieve a return above the SNL US REIT Index to earn any value

n

Under the Relative TSR Component, to the extent the Company underperforms the Index by more than 600 basis points (or 200 basis points per annum), the Absolute TSR Component payout, if any, is reduced

n

Any Relative TSR Component value is reduced (on a ratable sliding scale from 100% to 0%) if the Absolute TSR is between 9% (3% per annum) and 0%

n

Earned payouts are subject to two years of additional time-based vesting and an additional one year holding period following vesting

Table of Contents

Pay Mix

We believe that the executive management team's compensation should be appropriately at-risk and meaningfully dependent upon the achievement of robust and objective performance requirements. As illustrated below, approximately 91% of the Chief Executive Officer's total direct 2016 compensation and 80% of the other NEO's total direct 2016 compensation is variable and subject to Company and individual performance results; as a subset of variable compensation, approximately 48% of our Chief Executive Officer's total direct 2016 compensation and 18% of the other NEOs' total direct 2016 compensation reflects pay at-risk based on prospective TSR performance.

Approach of this Compensation Discussion and Analysis Section

This Compensation Discussion and Analysis, or "CD&A," describes our executive compensation program for fiscal year 2016, certain elements of our 2017 program and the executive pay philosophy adhered to by our Compensation Committee in making executive compensation decisions. We use our executive compensation program to attract, retain and appropriately reward the members of our senior executive management team who lead our Company. In particular, this CD&A explains how the Compensation Committee made 2016 compensation decisions for our senior executive management team, including the following named executive officers (the "Named Executive Officers" or "NEOs"):

n

Steven Roth, Chairman and Chief Executive Officer (our "CEO")

n

Stephen W. Theriot, Chief Financial Officer until February 15, 2017 (when he became Chief Financial Officer of JBG SMITH, a wholly owned subsidiary of the Company in Washington, D.C.)

n

David R. Greenbaum, President, New York Division

n

Michael J. Franco, Executive Vice President and Chief Investment Officer

n

Mitchell N. Schear, President Vornado/Charles E. Smith Washington, DC Division

Biographical information for our Named Executive Officers is available in Part III to our Form 10-K for the year ended 2016, as filed with the SEC.

Table of Contents

Under the rules and regulations of the SEC, each year the "Summary Compensation Table" must disclose the salary paid and cash bonus earned during that year. This table also requires disclosure of all equity-based awards in the year granted, even if that year is different than the year such compensation was earned. Because the equity we grant in any one year is awarded in recognition of performance in the prior year, the SEC's approach requires that we disclose our equity awards granted in respect of 2015 performance on the 2016 line in the Summary Compensation Table. Although we believe the most appropriate disclosure of our executive compensation would combine the annual cash compensation paid in 2016 (for instance) with the equity-based compensation granted in 2017 for 2016 performance, the rules and regulations do not permit that. In other words, we grant our annual incentives and equity-based compensation and make our compensation decisions retrospectively in the first quarter of a fiscal year for the actual performance of an executive in the just-then-completed prior year. To more accurately present our compensation information in line with how our decisions are actually made (as described in more detail below under " Comparison of 2014-2016 Total Direct Compensation"), the following discussion of compensation is with respect to both the annual incentive paid with respect to a stated year combined with the equity being granted following the close of that applicable year after performance has been assessed.

In addition, Mr. Franco's four-year employment agreement, entered into in 2014, provided that Mr. Franco would be entitled to a grant of $2,000,000 in face amount of restricted units (vesting in one year) on his three-year anniversary in 2017 (the "Employment Agreement Grant"). In January of 2017, the Company granted Mr. Franco that equity and an additional grant of $3,000,000 in face amount of restricted units (vesting on the fourth anniversary of the date of grant) as consideration for superior service rendered in connection with the formation of JBG SMITH and the related spin-off and combinations (the "Special Service Grant" and, together with the Employment Agreement Grant, the "Contract and Service Grants"). The aggregate Fair Value (as defined below) of these grants was $4,900,187. We view these grants to not be reflective of historic and on-going compensations levels and, consequently, in certain specified circumstances in this discussion, we have provided information in two formats: one including the impact of the Contract and Service Grants and one excluding that impact.

How Pay Aligns with Performance

2016 Performance Metrics Considered

For 2016 compensation, among the factors considered, both objectively and subjectively, were the changes in the Company's and the applicable division's operating and performance results during the year (EBITDA, as adjusted, FFO, as adjusted, and FFO), our TSR for the year, and the factors mentioned below. Increases or decreases in pay and allocations for 2016, 2015 and 2014 of various compensation elements to our Named Executive Officers were based, in part, upon the results of our review of these factors. EBITDA means earnings before interest, taxes, depreciation and amortization, EBITDA, as adjusted, means EBITDA as adjusted to exclude discontinued operations and exclude non-comparable gains and losses including impairments. FFO means funds from operations as defined by the National Association of Real Estate Investment Trusts (NAREIT). FFO, as adjusted, means FFO as adjusted to exclude non-comparable gains and losses, impairments and non-real estate-related items. Each of these metrics is provided in our regular annual and quarterly reports as well as reconciliations to the most comparable metric presented in accordance with Generally Accepted Accounting Principles applicable in the United States ("GAAP"). Although they are non-GAAP metrics, we use these metrics in making our compensation decisions because they facilitate meaningful comparisons in operating performance between periods and among our peers. TSR means our total shareholder return (including dividends) for a given period. Our EBITDA, as adjusted, FFO, as adjusted, FFO and TSR for 2016, 2015 and 2014 are presented below.

Metrics Considered

	2016[(1)]	2015	2014
EBITDA, as adjusted	$1,521 million	$1,499 million	$1,418 million
FFO, as adjusted	$887 million	$901 million	$817 million
FFO	$1,458 million	$1,039 million	$911 million
1-year TSR	7.3%	(3.9%)	36.4%

(1) *For 2016, EBITDA, as adjusted, FFO as adjusted, and FFO reflect a non-cash $41.4 million mark-to-market write down of an investment of our real estate fund. Our real estate fund, in accordance with GAAP, uses fair value accounting which requires marking assets to market quarterly. Typically real estate companies such as ours, in accordance with GAAP, use historical cost accounting. Under historical cost accounting, this write-down would not have occurred.*

Key Year-Over-Year Comparisons

We believe the effectiveness of our compensation program in creating alignment of management and shareholder interests has contributed to our long-term performance, as evidenced by our TSR for the 10-year period through 2016 of 36.9%, which outperformed that of the FTSE NAREIT Office Index ("Office REIT") of 31.0% over the same time period. Our TSR for 2016 was 7.3% while that of the Office REIT was 13.2% for 2016. For 2016, we have kept flat our CEO's base compensation, cash incentive and the grant date value of restricted equity awards (as reflected in the "Total Direct Compensation Table" in this proxy statement). Please note that total base salary for our CEO (and our other Named Executive Officers) in 2016 is 1/27th more than 2015 and 2014 because 2016 had 27 bi-weekly pay periods as opposed to 26 bi-weekly pay periods in 2015 and 2014. In addition, the total dollar value (other than the Contract and Service Grants) of the long-term incentive awards for our CEO (and our other NEOs) was also kept flat for 2016. When making compensation decisions, we use the potentially earnable dollar amount of OPP awards ("Notional Amount") as one of the guideposts for year-over-year changes. We made changes to the terms of the 2016 OPP awards for 2015 performance to conform more closely to the standards for such plans adopted by other companies, including our peers. As a result of these changes and an increased volatility in our Share price, the accounting cost for a grant of the same Notional Amount of outperformance award increased for 2016 from 2015 and 2014. Consequently, while the actual salaries, bonuses, value of restricted equity awards and the Notional Amounts of outperformance awards were unchanged between 2015 and 2016, the accounting cost for the aggregate compensation for our CEO and other NEOs increased by 2.6% for 2016 from 2015 (not including the impact of the Contract and Service Grants and excluding the 2015 and 2016 compensation for Mr. Schear) and 21.2% for 2015 from 2014. Mr. Schear's compensation is excluded from the 2015 to 2016 comparison in the immediately preceding sentence because Mr. Schear did not receive an equity grant in 2017 as he will no longer be an employee of the Company following the spin-off of JBG SMITH. This resulted in reduced 2016 compensation (as compared to 2015) for Mr. Schear as reflected in the Direct Compensation Table appearing later in this document. Including the impact of the Contract and Service Grants and Mr. Schear's compensation, the accounting cost for the aggregate compensation for our CEO and other NEOs increased by 14.1% for 2016 from 2015.

Key Considerations

We operate in a highly-competitive commercial real estate industry where we actively compete for business opportunities and executive talent. In determining annual incentive and long-term equity compensation levels earned for 2016, our Compensation Committee sought to find a balance among (i) appropriately rewarding the significant operational achievements by the Company during the year, as highlighted above, (ii) ensuring annual incentive, long-term equity and total compensation levels were in line with the prevailing competitive market and adequate to address our recruitment and retention needs and (iii) maintaining a balanced compensation program designed to foster alignment of management and shareholder interests in a manner that reflects evolving market "best practices" as well as views of our shareholders. No numerical weight is attributed to any one factor.

Table of Contents

Alignment of Pay with Performance

Our Compensation Committee made compensation decisions for 2016 in line with our pay-for-performance philosophy.

- Base salaries were maintained at 2015 levels to focus on the performance-oriented components of compensation (not including the impact of an extra pay period in 2016).
- For our CEO, approximately 58% of his equity grants were in the form of performance-based equity.
- For our other NEOs, in the aggregate, approximately 58% of their equity grants (other than grants in lieu of cash bonus which are described in footnote (2) of the Summary Compensation Table and the Contract and Service Grants) were in the form of performance-based equity. Including the Contract and Service Grants (but not grants in lieu of cash bonus), approximately 33% of our other NEO's equity grants were in the form of performance-based equity.

To demonstrate the alignment of our pay with performance, the following chart illustrates how our CEO's Total Direct Compensation (as defined below under " Comparison of 2014-2016 Total Direct Compensation") compares to our FFO, as adjusted, for the applicable year.

How We Determine Executive Compensation

Our Compensation Committee determines compensation for our Named Executive Officers and is comprised of three independent trustees, Michael Lynne (Chairman), Daniel R. Tisch and Dr. Richard R. West. Our Compensation Committee exercises independent judgment with respect to executive compensation matters and administers our equity incentive programs, including reviewing and approving equity grants to our executives pursuant to our 2010 Omnibus Share Plan (as may be amended, the "2010 Plan"). Our Compensation Committee operates under a written charter adopted by the Board, a copy of which is available on our website (www.vno.com).

We make our compensation decisions generally in the first quarter of a fiscal year. These decisions cover the prior year and are based on the prior year's performance by the Company and/or division or functional area and that of the applicable executive. In addition, in the first quarter of a fiscal year, we establish that year's performance threshold for our formula-based, short-term annual incentive program.

Our decisions on compensation for our Named Executive Officers are based primarily upon our assessment of each executive's leadership, operational performance and potential to enhance long-term shareholder value. For our CEO, this assessment is made by the Compensation Committee. For our other Named Executive

Table of Contents

Officers, this assessment is initially made by our CEO subject to the review and approval of the Compensation Committee. Our annual, short-term incentive program provides for a minimum performance threshold for, and a cap on, a bonus pool comprising the aggregate dollar value of annual incentive awards we can make to our senior executive management team. We believe that this method, as opposed to an entirely formulaic method of determining compensation, provides us with the ability to adjust compensation based on a number of performance factors affecting an individual executive within a formulaic cap. It also has the added benefit of reducing the risk to the Company that could potentially be associated with entirely formulaic compensation decisions. Key factors we consider when making annual compensation decisions include: actual performance compared to the financial, operational and strategic goals established for the Company or the executive's operating division at the beginning of the year; the nature, scope and level of responsibilities; the contribution to the Company's financial results, particularly with respect to key metrics such as EBITDA, as adjusted, FFO, FFO, as adjusted, and TSR for the year; and the executive's contribution to the Company's commitment to corporate responsibility, including success in creating a culture of unyielding integrity and compliance with applicable laws and our ethics policies. These factors may be considered on an absolute and/or relative basis with respect to other companies or indices.

In determining individual pay levels and opportunities, we also consider each executive's current salary and prior-year bonus (or annual incentive award), the value of an executive's equity stake in the Company, and the appropriate balance between incentives for long-term and short-term performance and the compensation paid to the executive's peers within the Company. We also consider competitive market compensation paid by other companies that operate in our business or that compete for the same talent pool, such as other S&P 500 REITs, other real estate companies operating in our core markets and, in some cases, investment banking, hedge fund and private equity firms. However, we do not formulaically tie our compensation decisions to any particular range or level of total compensation paid to executives at these companies.

In addition, we encourage alignment with shareholders' interests through long-term, equity-based compensation. We apportion cash payments and equity incentive awards as we think best in order to provide the appropriate incentives to meet our compensation objectives both individually and in the aggregate for executives and other employees. The factors we consider in evaluating compensation for any particular year may not be applicable to determinations in other years. Typically, our Chairman and CEO receives a higher proportion of his compensation in the form of equity than other Named Executive Officers who, in turn, receive a higher proportion of their compensation in the form of equity than our other employees. This allocation is based on (1) the relative seniority of the applicable executives and (2) a determination that the applicable executives should have a greater proportion of their compensation in a form that further aligns their interests with those of shareholders. We regularly review our compensation program to determine whether we have given the proper incentives to our Named Executive Officers to deliver superior performance on a cost-effective basis and for them to continue their careers with us.

Role of the Corporate Governance and Nominating Committee, the Compensation Committee and the CEO

The Corporate Governance and Nominating Committee of our Board is responsible for evaluating potential candidates for Chairman and CEO, and for overseeing the development of executive succession plans. The Compensation Committee of our Board (1) reviews and approves the compensation of our executive officers and other employees whose total cash compensation exceeds $200,000 per year, (2) oversees the administration and implementation of our incentive compensation and other equity-based awards, and (3) regularly evaluates the effectiveness of our overall executive compensation program.

As part of this responsibility, the Compensation Committee oversees the design, development and implementation of the compensation program for our CEO and our other Named Executive Officers. The Compensation Committee evaluates the performance of our CEO and sets his compensation. Our CEO and the Compensation Committee together assess the performance of our other senior executives and determine their compensation, based on the initial recommendations of our CEO. The other Named Executive Officers do not play a role in determining their own compensation, other than discussing individual performance objectives with our CEO.

Table of Contents

In support of these responsibilities, members of our senior executive management team, in conjunction with other senior executives, have the initial responsibility of reviewing the performance of the employees reporting to him or her and recommending compensation actions for such employees.

This process involves multiple meetings among our CEO, our Compensation Committee and our Compensation Committee's compensation consultant. Typically, in the third and fourth quarters of each year, these parties meet to discuss and establish an overall level of compensation for the year and the base compensation for the following year. For 2016, as has been our historical practice, our CEO obtained individual recommendations from division heads as to compensation levels for those persons reporting to the division heads. These recommendations are discussed among our CEO and the division heads prior to a recommendation being presented to the Compensation Committee. For our senior executive management team, other than our CEO, recommendations are prepared based upon discussions among the Compensation Committee and our CEO. These recommendations are based upon our objectives described above and may include factors such as information obtained from compensation consultants. Our CEO discuss these recommendations with our other senior executives in one-on-one meetings. After these discussions, certain allocations or other aspects of compensation may be revised to some degree and the revised recommendations are presented to the Compensation Committee for discussion and review and, ultimately, through a continued process, approval. The compensation of our CEO is determined in accordance with a similar process involving direct discussions among the Compensation Committee, our CEO and the Compensation Committee's compensation consultants.

Role of Compensation Consultants

Our Compensation Committee has retained Willis Towers Watson Public Limited Company ("Willis Towers Watson") as its independent compensation consulting firm to provide the Compensation Committee with relevant data concerning the marketplace and our peer group as well as its own independent analysis and recommendations concerning executive compensation. Willis Towers Watson regularly participates in Compensation Committee meetings. Our Compensation Committee has the authority to set Willis Towers Watson's compensation and to replace Willis Towers Watson as its independent outside compensation consultant or hire additional consultants at any time. In addition, prior to the 2016 merger of Towers Watson & Co. with Willis Group, Willis Group provided us with insurance-related services including services to our captive insurance company. Willis Towers Watson has continued to provide us with such insurance-related services and, in 2016, we paid Willis Towers Watson approximately $885,000 in fees for such services. In 2015, in light of the then anticipated merger of Towers Watson & Co. and Willis Group, the Compensation Committee assessed the independence of Willis Towers Watson pursuant to SEC rules (including Item 407(e)(3)(iv) of Regulation S-K) and the NYSE listing standards and concluded that no conflict of interest existed that would prevent Willis Towers Watson from independently advising the Compensation Committee. In particular, the Compensation Committee considered a presentation it received from Willis Towers Watson that described Willis Towers Watson's policies and procedures to prevent or mitigate conflicts of interest. The Compensation Committee also reviewed and was satisfied that there were no business or personal relationships between members of the Compensation Committee and the individuals at Willis Towers Watson supporting the Compensation Committee. The Compensation Committee considered that Willis Towers Watson reports directly to the Chair of the Compensation Committee and that the Compensation Committee has the authority to set Willis Towers Watson's compensation and to replace Willis Towers Watson as its independent outside compensation consultant or hire additional consultants at any time. Finally, the Compensation Committee considered other factors relevant to Willis Towers Watson's independence from management, including all of the factors set forth in the NYSE listing standards. The Compensation Committee regularly assesses the independence of its compensation consultants.

For 2016 compensation decisions, Willis Towers Watson prepared, among other reports, an analysis of compensation levels and performance at the following companies that it identified as peer companies within the context of the executive pay philosophy of the Compensation

Committee: American Tower Corporation; Boston Properties, Inc.; CBRE Group, Inc.; Equity Residential; General Growth Properties, Inc.; HCP, Inc.; Host Hotels & Resorts, Inc.; Kimco Realty Corporation; ProLogis; Public Storage; Simon Property Group, Inc.; SL Green Realty Corp.; Welltower, Inc.; and Ventas, Inc. Our Compensation Committee has elected to use the foregoing executive compensation peer group, as the competitive landscape in which we compete for investment capital and executive talent is comprised of other publicly-traded REITs as well as real estate operating companies. Additionally, as many of our competitors in the markets in which we operate, particularly with respect to our New York division, are asset managers not structured as REITs and private entities such as real estate opportunity funds, sovereign wealth funds and pension funds, among others, our Compensation Committee, from time to time has also considered compensation levels and trends among our non-public competitors as obtained from surveys and other proprietary data sources.

Consistent with prior years, the Compensation Committee reviewed and discussed the analyses prepared by Willis Towers Watson, and determined that the analyses were useful in indicating that the compensation opportunities awarded to executive officers are in line with the prevailing competitive market. Furthermore, realized awards duly reflect the performance of the Company and the shareholder value created.

From time to time, the Company also engages the services of FTI Consulting, Inc., as a compensation consultant, to provide assistance with gathering and presenting third-party data used in determining industry-or market-specific results.

Analysis of Risk Associated with Our Executive Compensation Program

Our Compensation Committee has discussed the concept of risk as it relates to our executive compensation program and the Compensation Committee does not believe our executive compensation program encourages excessive or inappropriate risk-taking for the reasons stated below.

We structure our pay to consist of both fixed and variable compensation. The fixed portion (base salary) of compensation is designed to provide a base level of income regardless of our financial or share price performance.

The variable portions of compensation (cash incentive and equity) are designed to encourage and reward both short- and long-term corporate performance. For short-term performance, cash incentives are awarded based on the formulaic funding of our annual incentive pool and assessments of performance during the prior year. For long-term performance, our options, restricted shares, restricted units, awards under our outperformance plans ("OPP") and other equity awards generally vest over three, four or five years and only have value (in the case of awards such as options, restricted units or OPP awards) or only increase in value (in the case of awards such as restricted shares) if our Share price increases over time. Furthermore, with regard to grants of OPP awards made since 2013, we require members of senior management (including the Named Executive Officers) to hold the equity received with respect to earned and vested awards for one additional year after they have vested. We believe that these variable elements of compensation are a sufficient percentage of total compensation to provide incentives to executives to produce superior short- and long-term corporate results, while the fixed element is also sufficiently high that the executives are not encouraged to take unnecessary or excessive risks in doing so. We and our Compensation Committee also believe that the mix of formulaic criteria and a non-formulaic evaluation of historic performance provides an incentive for our executives to produce superior performance without the distorting effects of providing a pre-determinable compensation award based on the performance of only one division or business unit or upon other results that may not reflect the long- or short-term results of the Company as a whole.

As demonstrated above, our executive compensation program is structured to achieve its objectives by (i) providing incentives to our Named Executive Officers to manage the Company for the creation of long-term shareholder value, (ii) avoiding the type of disproportionately large short-term incentives that could encourage our Named Executive Officers to take risks that may not be in the Company's long-term interests, (iii) requiring our Named Executive Officers to maintain a significant investment in the Company and (iv) evaluating annually an array of performance criteria in determining executive compensation rather than focusing on a singular metric that may encourage unnecessary risk-taking. We believe this combination of factors encourages our Named Executive Officers to manage the Company prudently.

Elements of Our Compensation Program

Our Named Executive Officers' compensation currently has three primary components:

- annual base salary;
- annual incentive awards, which include cash payments and/or awards of equity; and
- long-term equity incentives, which may include restricted units, stock options and long-term incentive performance unit awards such as those awarded under our OPP.

The overall levels of compensation and the allocation among these components are determined annually by our Compensation Committee based upon an analysis of the Company's performance during the year and a review of the prevailing competitive market for executive talent in which we operate. Historically, a substantial majority of the total compensation for our CEO has been in the form of long-term equity awards, including performance-based awards subject to relative performance thresholds such as those awarded under our OPP. These longer-term awards further the Compensation Committee's desire to directly align management and shareholder interests and to provide incentives for each executive to successfully implement our long-term strategic goals.

Annual Base Salary

Base salaries for our Named Executive Officers are established based on the scope of their responsibilities, taking into account the competitive market compensation paid by other companies for similar positions as well as salaries paid to the executives' peers within the Company and any applicable employment agreement. In accordance with our pay-for-performance philosophy, we structure an executive's annual base salary to be a relatively low percentage of total compensation. There were no increases in our Named Executive Officers' base salary levels for 2016 over that of 2015 (not including the impact of an extra pay period in 2016), nor have there been any increases in our Named Executive Officers' base salary levels for the past several years.

Annual Incentive Awards

Our Compensation Committee has established an annual short-term incentive program for the senior executive management team that formulaically ties a maximum award pool to achieving an FFO, as adjusted, performance threshold. The Company views and, we believe our shareholders view, FFO, as adjusted, as one of the key operating metrics within the REIT industry and, we believe, a primary driver of long-term TSR performance. Under our annual compensation program, members of our senior executive management team, including all of our Named Executive Officers, will have the ability to earn annual cash incentive payments and/or equity awards if and only if the Company achieves FFO, as adjusted, of at least 80% or more of the prior year's FFO, as adjusted. In the event that the Company fails to achieve FFO, as adjusted, of 80% or more of the prior year's FFO, as adjusted, no incentive payments would be earned or paid under the program. Moreover, even if the Company does achieve the stipulated FFO, as adjusted, performance requirement under the annual incentive program, the Compensation Committee always retains the right, consistent with best practices, to elect to reduce or make no payments under the program. Our Compensation Committee has elected to use FFO, as adjusted, as the primary metric for our annual incentive award rather than total FFO. FFO, as adjusted, excludes the impact of certain non-recurring items such as income or loss from discontinued operations, the sale or mark-to-market of marketable securities or derivatives and early extinguishment of debt, restructuring costs and non-cash impairment losses, among others, and thus the Compensation Committee believes it provides a better metric than total FFO for assessing management's performance for the year.

Aggregate incentive awards earned under the annual short-term incentive program by our senior executive management team are subject to a cap of 1.25% of FFO, as adjusted, earned by the Company for the year, with individual award allocations under the program determined by the Compensation Committee based on an

Table of Contents

assessment of individual and overall performance. Performance criteria evaluated by the Compensation Committee when determining individual incentive awards under the annual incentive program, assuming the Company has achieved the required FFO, as adjusted, performance threshold necessary for our senior executive management team to be eligible to earn incentive awards under the program, will include, among others, the following:

n TSR, both on an absolute basis and relative to the performance of the peer group and the REIT industry;

n Leasing performance and occupancy levels;

n Capital markets performance and maintenance of a strong balance sheet;

n Same store EBITDA;

n Implementation and achievement of goals, including expense control and adherence to budget; and

n Achievement of business unit and/or departmental objectives.

Any awards earned under the annual incentive program are payable in cash and/or equity awards, generally in the first quarter of each year for the prior year's performance.

Long-Term Equity Incentives

Compensation is typically awarded to our Named Executive Officers in the form of long-term equity incentives issued under our 2010 Plan through performance-based equity awards such as those that may be earned under our OPP and future out-performance plans, grants of stock options and restricted units. The granting of equity awards links a Named Executive Officer's compensation directly to the performance of our Share price. We believe this encourages our NEOs to make business decisions with an ownership mentality.

OPP Awards. Our OPP has been developed with the guidance and input of FTI Consulting, Inc. (a compensation consultant retained by the Company) and Willis Towers Watson. Changes made in 2016 to our OPP were based on the advice of FTI Consulting, Inc. with the concurrence of Willis Towers Watson. These performance-based awards are earned over a three-year period which is then followed by back-end vesting requirements (during years three, four and five) to act as a retention device and provide a strong incentive to the executives to increase shareholder value long after they performed the services for which the equity awards were initially granted. In particular, the awards provide for immediate cancellation if the executive voluntarily leaves or is terminated for cause (and, in either case, such person is no longer providing services to the Company or any of its affiliates as an employee, trustee or otherwise), excluding certain outstanding awards held by retirement eligible executives and employees above the age of 65 (or above the age of 60 with at least 20 years of service to the Company). Furthermore, we require our executive officers (as defined in accordance with SEC rules, "Executives") to hold the equity received with respect to earned and vested awards for one additional year after they have vested.

Our OPP is designed to provide compensation in a "pay for performance" structure. Awards under the OPP are a class of units (collectively referred to as "OPP Units") of the Company's operating partnership, Vornado Realty L.P., issued under our 2010 Plan. If the specific performance objectives of the OPP are achieved, the earned OPP Units become convertible into Class A common units of the operating partnership (and ultimately into Shares) following vesting, and their value fluctuates with changes in the value of our Shares. If the performance objectives are not met, the OPP Units are cancelled. Generally, unvested OPP Units are forfeited if the executive leaves the Company, except that OPP Units vest automatically on death. OPP Units are intended to also provide recipients with better income tax attributes than grants of options. With regard to awards under our OPP, participants have the opportunity to earn compensation payable in the form of equity if and only if we outperform a predetermined TSR and/or outperform the market with respect to relative TSR over a three-year performance period as determined at the end of the third year. Specifically, awards under our OPP may potentially be earned if the Company (i) achieves a TSR above that of the SNL US REIT Index (the "Index") over a three-year performance period (the "Relative Component"), and/or (ii) achieves a TSR level

Table of Contents

greater than 21% (over the three-year performance period) (the "Absolute Component"). To the extent awards would be earned under the Absolute Component but the Company underperforms the Index by more than a specified margin, such awards earned under the Absolute Component would be reduced (and potentially fully negated) based on the degree to which the Company underperforms the Index. In certain circumstances, if the Company outperforms the Index, but awards would not otherwise be earned under the Absolute Component, awards may still be earned under the Relative Component. Moreover, to the extent awards would otherwise be earned under the Relative Component but the Company fails to achieve at least a 3% per annum absolute TSR level (6% for years prior to 2016), such awards earned under the Relative Component would be reduced based on the Company's absolute TSR performance, with no awards being earned in the event the Company's TSR during the applicable measurement period is 0% or negative, irrespective of the degree to which we may outperform the Index. If the designated performance objectives are achieved, OPP Units are also subject to time-based vesting requirements. This creates, in the aggregate, up to a five-year retention period (plus the additional one-year holding period for Executives) with respect to participants in the OPP. Even after achieving the performance thresholds, during the remaining two years until full vesting (plus the additional one-year holding period for Executives), holders will continue to bear the same Share price and total return risk as our shareholders and be subject to the same "book-up" requirements as apply to Restricted Units and which are described below. Dividend payments on awards issued accrue during the performance period and are paid to participants if and only if awards are ultimately earned based on the achievement of the designated performance objectives. Furthermore, for the 2017 and 2016 OPP, if the maximum award is earned (through any combination of the Relative and Absolute Components), the number of units actually awarded will be based on the Share price during a 120-day measurement period preceding the end of the three-year performance period which causes the award to be fully earned. In prior years, the number of units actually earned was based on the highest 30-day average of the Share price achieved during such 120-day measurement period.

The following charts show some of the key components of our awards of OPP Units and, for illustration purposes only (and not as a projection of actual performance), present our most recent awards (made in 2017) as if they had been fully earned at January 10, 2020.

Earning and Vesting of OPP Awards

In addition, senior executive officers, including all our NEOs, are required to hold their earned and vested OPP Units for one year following vesting.

Allocation of Wealth Created

On an absolute total shareholder return basis, our 2017 OPP is designed to award management with equity at the rate of 2% for every dollar of shareholder value created after returning the first 21% of value created to shareholders over a three-year performance period, subject to a $35 million cap (if the full amount of the authorized OPP pool is actually awarded). While the earning of OPP awards not only requires performance under the Absolute Component, but also the Relative Component, for presentation purposes the table below is simplified to present only the results derived under the Absolute Component. Using this simplified format, the table below illustrates the rate at which OPP unitholders will share in the increases in shareholder value above the OPP initial share price along with shareholders and other unitholders.

	Growth in TSR		
Participation Percentage in Shareholder Value Creation under Terms of the 2017 OPP for:	**0% to 21%**	**21% to 35%**	**Above 35%**
Shareholders and unit holders	100%	98%	100%
OPP Unitholders	0%	2%	0%

Stock Options. None of our Named Executive Officers (or any other participant in our OPP) was awarded stock options for 2016, 2015 or 2014 performance. The most recent option award to such executives was in 2011 for 2010 performance. Executives who do not receive OPP awards may receive awards of stock options. Stock option awards issued under our 2010 Plan provide our executives the opportunity to purchase Shares at an exercise price determined on the date of grant. Historically, our stock option awards have either been in the form of at-the-money stock options, whereby the option exercise price is equal to the market price of Shares on the date of grant, or in the form of premium stock options, whereby the option exercise price is established at a level above the market price of Shares on the date of grant. In both instances, the market price of Shares must increase to a level above the option exercise price in order for the executives to achieve any value from their stock option awards. Generally, the stock options vest and become exercisable in equal annual installments over a four- or five-year period beginning one year after the date of grant, and remain exercisable for a period of ten years from the date of grant. Our 2010 Plan (i) prohibits the granting of in-the-money stock options and (ii) prohibits, without shareholder approval, the repricing of outstanding stock options that have fallen out of the money. Recipients of stock options do not receive any dividends paid on Shares on their outstanding option awards.

Restricted Shares and Units. "Restricted shares" are grants of Shares issued under our 2010 Plan that generally vest in three or four equal annual installments beginning approximately one year after the grant date. "Restricted units" are grants of limited partnership interests in Vornado Realty L.P., our operating partnership, through which we conduct substantially all of our business. These units also generally vest in three or four equal annual installments beginning approximately one year after the grant date and are exchangeable on a one-for-one basis into Vornado Realty L.P.'s Class A common units in certain circumstances. These circumstances principally include the requirement that Vornado Realty L.P. must have gone through certain tax "book-up" events whereby sufficient profits have been allocated to the restricted units so that they have the same capital account (and value) as Class A common units. In addition, there is a two-year holding requirement. Vornado Realty L.P.'s Class A common units can be redeemed for Shares on a one-for-one basis (or for the equivalent value in cash at the Company's option) with only limited restrictions, such as a 60-day waiting period between the time that a redemption notice is given and the date that Shares may be delivered. Restricted units are intended to also provide recipients with better income tax attributes than restricted shares and unlike option grants, grants of restricted units do not have a term at which they expire. During the restricted period, each restricted share or restricted unit entitles the recipient to receive payments from the Company equal to the dividends on one Share. Restricted equity awards further contribute in aligning management and shareholder interests, and the multi-year vesting requirements ranging from three to five years aid in our efforts to retain our executives and key employees over the long term. Further, our Compensation Committee believes restricted equity awards are a key component of a balanced equity compensation program, because incorporating time-based restricted equity awards into the equity compensation mix, as opposed to an equity compensation program comprised solely of awards subject to performance-based vesting requirements, ensures that a portion of each executive's equity compensation retains value even in a depressed market and provides executives with a baseline of value that lessens the likelihood that executives will take unreasonable risks to keep their market-based performance equity award vehicles "in the money."

Nonqualified Deferred Compensation Plans

We maintain two nonqualified deferred compensation plans, the Vornado Realty Trust Nonqualified Deferred Compensation Plan ("Plan I") and the Vornado Realty Trust Nonqualified Deferred Compensation Plan II ("Plan II"). Plan I and Plan II are substantially similar, except that Plan II, which applies to deferrals on and after January 1, 2005, is designed to comply with the deferred compensation restrictions of Section 409A of the Internal Revenue Code of 1986, as amended.

Employees having annual compensation of at least $200,000 are eligible to participate in Plan II, *provided that* they qualify as "accredited investors" under securities laws. Members of our Board of Trustees are also eligible to participate. To participate, an eligible individual must make an irrevocable election to defer at least $20,000 of his or her compensation (whether cash or equity) per year. Participant deferrals are always fully vested. The Company is permitted to make discretionary credits to the Plans on behalf of participants, but as of yet has not done so. Deferrals are credited with earnings based on the rate of return of specific security investments or various "benchmark funds" selected by the individual, some of which are based on the performance of the Company's securities.

Participants may elect to have their deferrals credited to a "Retirement Account" or a "Fixed Date Account." Retirement Accounts are generally payable following retirement or termination of employment. Fixed Date Accounts are generally payable at a time selected by the participant, which is at least two full calendar years after the year for which deferrals are made. Participants may elect to receive distributions as a lump sum or in the form of annual installments over no more than 10 years. In the event of a change of control of the Company, all accounts become immediately payable in a lump sum. Plan I also permits a participant to withdraw all or a portion of his or her account at any time, subject to a 10% withdrawal penalty.

Retirement and 401(k) Plans

We offer a 401(k) Retirement Plan to all of our employees in which we provide matching contributions (up to 75% of the statutory maximum but not more than 7.5% of cash compensation) that fully vest after five years of employment. We do not have any other retirement plan. Retirement plans are not a factor in our current compensation determinations.

Perquisites and Other Compensation

We provide our Named Executive Officers with certain perquisites that we believe are reasonable and in line with the prevailing competitive market. These perquisites include supplemental life insurance and an allowance for financial counseling and tax preparation services for certain Named Executive Officers. Additionally, due to the location of our corporate offices in New York City and the extensive business-related travel requirements of our Named Executive Officers, we provide certain of our Named Executive Officers with the use of a car and/or driver. Providing a car and driver allows these executive officers to use their travel time efficiently and productively for business purposes, including (i) telephonic meetings and (ii) visiting our properties and meeting with our tenants. Accordingly, we believe providing these benefits serves the best interests of our shareholders as it allows our executives to continue to focus on Company matters while traveling. While providing a car and driver does provide an incidental personal benefit to the executive, the cost of this personal benefit constitutes only a small percentage of the executive's total compensation. Nevertheless, the amounts disclosed in this proxy statement for car and driver costs include the entire value of the benefit, both business purpose and personal.

Equity Ownership Guidelines

In order to further foster the strong ownership culture among our senior executive management team and ensure the continued direct alignment of management and shareholder interests, and consistent with emerging corporate governance trends, we have adopted executive equity ownership guidelines requiring that our NEOs and other members of our senior executive management team maintain a minimum ownership level of Shares or related Company equity. The equity ownership requirements (comprised of salaries Shares and certain securities convertible or redeemable for Shares) for our executives are as follows:

Chairman and CEO	6 times his annual base salary
All Other Executive Officers	3 times their annual base salaries

Executive officers have five years from the date of becoming an executive officer to satisfy the ownership requirement. All of our Named Executive Officers satisfy these guidelines.

We have also adopted equity ownership guidelines for our Board of Trustees. Under the equity ownership guidelines adopted for our Board of Trustees, all non-employee Trustees are required to maintain a minimum ownership level of Shares equal to at least five times their annual cash retainer. Non-employee Trustees have five years to satisfy the guidelines. All non-employee Trustees currently satisfy these guidelines or are expected to satisfy these guidelines within the prescribed period.

Comparison of 2014-2016 Total Direct Compensation

Under the rules and regulations of the SEC, each year the "Summary Compensation Table" must disclose the salary paid during that year, the annual incentive earned for that year and the equity-based, long-term incentive granted during that year, which for us represents the equity-based, long-term incentive award earned for the *prior* year. As discussed above, because the equity-based pay we award in the first quarter of each year (similar to the cash bonus paid in the first quarter of each year) was earned based on performance in the prior year, the SEC's approach prevents us from showing together all the pay salary, annual cash incentive and equity-based pay earned for any one year. In order to provide our shareholders with the aggregate amount of compensation *earned* by each Named Executive Officer for a given calendar year, we are including below a supplemental Total Direct Compensation Table. We believe the Total Direct Compensation Table enables a more meaningful year-over-year compensation comparison than the Summary Compensation Table presented later in this proxy statement. The Total Direct Compensation Table consists of (i) the actual salary paid for the year, (ii) the annual incentives awarded for the year and (iii) the annual grant date fair value of equity grants awarded for service and performance for the year, irrespective of when such amounts ultimately were granted, paid and/or vested. This table illustrates one of the analyses undertaken by our Compensation Committee in determining each element of our Named Executive Officers' compensation for the particular year in light of such executive's performance during the year. We also believe it demonstrates further the ongoing correlation between the executive's pay and overall Company performance.

The principal difference between the Total Direct Compensation Table and the Summary Compensation Table is that the Total Direct Compensation Table achieves "apples to apples" presentation of both cash and equity-based incentives by showing the value of equity awards in the year to which such grants relate, rather than the year in which such grants were made, as reflected in the Summary Compensation Table. Other companies may calculate Total Direct Compensation differently than we do.

Table of Contents

Direct Compensation Table

The Total Direct Compensation earned by our Named Executive Officers for the 2014-2016 period was as follows:

Name	Year	Salary(1)	Cash Incentive	Grant Date Fair Value of Restricted Unit Awards in Lieu of Cash Bonus	Grant Date Fair Value of Restricted Unit Awards as Long-Term Equity Compensation	Grant Date Fair Value of At-Risk, Multi-Year Performance-Based OPP Awards(2)	Total Direct Compensation(3)
Steven Roth	2016	$ 1,038,462	$ 1,005,700		$ 3,800,082	$ 5,307,506	$ 11,151,750
	2015	$ 1,000,000	$ 1,000,000		$ 3,800,033	$ 5,050,847	$ 10,850,880
	2014	$ 1,000,000	$ 1,001,900		$ 3,800,051	$ 4,000,000	$ 9,801,951
Stephen W. Theriot	2016	$ 1,038,462	$ 255,700	$ 237,573	$ 285,009	$ 398,063	$ 2,214,807
	2015	$ 1,000,000	$ 250,000	$ 237,585	$ 285,013	$ 378,814	$ 2,151,412
	2014	$ 1,000,000	$ 251,900	$ 237,555	$ 285,019	$ 300,000	$ 2,074,474
David R. Greenbaum	2016	$ 1,038,462	$ 805,700	$ 950,095	$ 1,282,539	$ 1,791,283	$ 5,868,079
	2015	$ 1,000,000	$ 800,000	$ 950,074	$ 1,282,517	$ 1,704,661	$ 5,737,252
	2014	$ 1,000,000	$ 801,900	$ 950,101	$ 1,282,583	$ 1,350,000	$ 5,384,584
Michael J. Franco(4)	2016	$ 1,038,462	$ 816,743	$ 712,522	$ 6,087,756	$ 1,658,596	$ 10,314,079
	2015	$ 1,000,000	$ 811,043	$ 712,578	$ 1,187,571	$ 1,578,390	$ 5,289,582
	2014	$ 1,000,000	$ 815,857	$ 712,546	$ 1,187,538	$ 1,250,000	$ 4,965,941
Mitchell N. Schear	2016	$ 1,038,462	$ 1,805,700				$ 2,844,162
	2015	$ 1,000,000	$ 800,000	$ 950,074	$ 688,819		