

ALEXANDERS INC
Form DEF 14A
April 03, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
(RULE 14a-1)
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

ALEXANDER S, INC.

(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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (4) Proposed maximum aggregate value of transaction:
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- 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:

ALEXANDER S, INC.

**Notice of
Annual Meeting
of Stockholders**

and

Proxy Statement

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2009**

**ALEXANDER S, INC.
210 Route 4 East
Paramus, New Jersey 07652**

**Notice of Annual Meeting of Stockholders
to Be Held May 14, 2009**

To our Stockholders:

The 2009 Annual Meeting of Stockholders of Alexander s, Inc., a Delaware corporation (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 14, 2009, beginning at 10:00 A.M., local time, for the following purposes:

- (1) To elect three persons to the Board of Directors of the Company. Each person elected will serve for a term of three years and until his successor is duly elected and qualified.
- (2) The ratification of the appointment of the accounting firm of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the current year.
- (3) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Pursuant to the Bylaws of the Company, the Board of Directors of the Company has fixed the close of business on March 13, 2009 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

Please review the Proxy Statement and proxy card. Whether or not you plan to attend the meeting, your shares should be represented and voted. You may authorize your proxy by the Internet or by touch-tone phone as described on the proxy card. Alternatively, you may wish to sign the proxy card and return it in accordance with the instructions included with the proxy card. You may revoke your proxy by (1) executing and submitting a later-dated proxy card, (2) subsequently authorizing a proxy through the Internet or by telephone, (3) sending a written revocation of proxy to our Secretary at our office at 888 Seventh Avenue, New York, New York 10019, or (4) attending the Annual Meeting and voting in person.

By Order of the Board of Directors,

Alan J. Rice
Secretary

April 3, 2009

**ALEXANDER S, INC.
210 Route 4 East
Paramus, New Jersey 07652**

**PROXY STATEMENT
Annual Meeting of Stockholders
to Be Held May 14, 2009**

The attached proxy is being solicited by the Board of Directors (the Board) of Alexander s, Inc., a Delaware corporation (we, us, our or the Company), for use at the 2009 Annual Meeting of Stockholders of the Company (the Annual Meeting). The Annual Meeting will be held on Thursday, May 14, 2009, beginning at 10:00 A.M., local 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 210 Route 4 East, Paramus, New Jersey 07652. Our proxy materials, including this Proxy Statement, the Notice of Annual Meeting of Stockholders, the proxy card or voting instruction card and our 2008 annual report, are being distributed and made available on or about April 3, 2009.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials to our stockholders on the Internet. Accordingly, a notice of Internet availability of proxy materials will be mailed on or about April 3, 2009 to our stockholders of record and beneficial owners on March 13, 2009. Stockholders will have the ability to access the proxy materials, free of charge, on a website referred to in the notice or request a printed set of the proxy materials be sent 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 April 3, 2009 to vote your shares. If you have not received a copy of this notice, please contact our investor relations department at 201-587-1000 or send an e-mail to ircontact@alx-inc.com. If you wish to receive a hard copy of these materials you can 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?

You may authorize a proxy over the Internet (at www.proxyvote.com), by telephone (at 1-800-579-1639) or by executing and returning a proxy card. Once you authorize a proxy, you may revoke that proxy by (1) executing and submitting a later-dated proxy card, (2) subsequently authorizing a proxy through the Internet or by telephone, (3) sending a written revocation of proxy to our Secretary at our office at 888 Seventh Avenue, New York, New York 10019, 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.

We will pay the cost of soliciting proxies. We have hired MacKenzie Partners, Inc. to solicit proxies at a fee not to exceed \$5,000. 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. If you hold shares in street name (i.e., through a bank, broker or other nominee), you will receive instructions from your nominee, which you must follow in order to have your proxy authorized or you may contact your nominee directly to request these instructions.

Who is entitled to vote?

Only stockholders of record as of the close of business on March 13, 2009 are entitled to notice of, and to vote at, the Annual Meeting. We refer to this date as the record date. On that date, there were 5,105,936 common shares, par value \$1.00 per share (Shares), outstanding. Holders of Shares as of the record date are entitled to one vote per share on each matter properly submitted at the Annual Meeting.

How do you attend the meeting in person?

If you would like to attend the Annual Meeting in person, you will need to bring an account statement or other acceptable evidence 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 at the Annual Meeting, you will need to contact your nominee and obtain a proxy from your nominee and bring it to the Annual Meeting.

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 and entitled to vote, will constitute a quorum for the transaction of business at the Annual Meeting. A broker non-vote and any proxy marked withhold authority 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 directors or the ratification of the appointment of our independent registered public accounting firm.

It is the Company's understanding that Interstate Properties (Interstate), a New Jersey general partnership (an owner of shopping centers and an investor in securities and partnerships), Interstate's general partners, and Vornado Realty Trust (Vornado), who, as of March 13, 2009, own, in the aggregate, approximately 59% of the Shares, will vote (1) for the approval of the election of the nominees listed in this proxy statement for directors, and (2) for the ratification of the appointment of the Company's independent registered public accounting firm and, therefore, it is likely that these matters will be approved.

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board currently has eight members. Our Bylaws provide that our directors are divided into three classes, as nearly equal in number as reasonably possible, as determined by the Board. One class of directors is elected at each Annual Meeting to hold office for a term of three years and until their successors have been duly elected and qualified.

Unless otherwise directed in the proxy, each of the persons named in the attached proxy will vote such proxy for the election of the three nominees listed below as Class III directors. 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 alternative nominee who will be designated by the Board. Proxies may be voted only for the nominees named or such alternates. We do not currently anticipate that any nominee for directors will be unable to serve as a director.

Under the Bylaws, the affirmative vote of a plurality of votes present in person or represented by proxy at the Annual Meeting and entitled to vote for the election of directors, if a quorum is present, is sufficient to elect a director. Proxies marked withhold authority will be counted for the purpose of determining the

presence of a quorum but will have no effect on the result of the vote. A broker non-vote will have no effect on the result of the vote.

The Board of Directors recommends that stockholders vote FOR approval of the election of the nominees listed below to serve as Class III directors until 2012 and until their respective successors have been duly elected and qualified.

The following table sets forth the nominees (all of whom are presently members of the Board) and other present members of the Board who will continue on the Board following the Annual Meeting, together with a brief biography for each such person and the year in which the person became a director of the Company.

Name	Age	Principal Occupation and, if Applicable, Present Position with the Company	Year Term Will Expire	Year First Appointed as Director
<u>Nominees for Election to Serve as Directors until the Annual Meeting in 2012 (CLASS III)</u>				
David Mandelbaum	73	A member of the law firm of Mandelbaum & Mandelbaum, P.C. since 1967; a general partner of Interstate since 1968; a trustee of Vornado since 1979	2012	1995
Arthur I. Sonnenblick	77	Senior Managing Director of Sonnenblick-Goldman Company (a real estate investment banking firm) since January 1996 and Vice Chairman and Chief Executive Officer prior thereto	2012	1984
Dr. Richard R. West	71	Dean Emeritus, Leonard N. Stern School of Business, New York University; Professor from September 1984 until September 1995 and Dean from September 1984 until August 1993; prior thereto, Dean of the Amos Tuck School of Business Administration at Dartmouth College; a trustee of Vornado since 1982; a director of Bowne & Co., Inc. (a commercial printing company) and a number of investment companies managed by BlackRock Advisors (an asset management firm)	2012	1984
<u>Present Directors Elected to Serve as Directors until the Annual Meeting in 2010 (CLASS I)</u>				
Michael D. Fascitelli	52	President of the Company since August 2000; President and a trustee of Vornado since December 1996; Partner at Goldman, Sachs & Co. (an investment banking firm) in charge of its real	2010	1996

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estate practice from December 1992 to December 1996 and a vice president prior thereto; a director of Toys R Us, Inc. (a retailer)

Thomas R. DiBenedetto	59	President of Boston International Group, Inc. (an investment management firm) since 1983; President of Junction Investors Ltd. (an investment management firm) since 1992; a director of NWH, Inc. (a software company); Managing Director of Olympic Partners (a real estate investment firm); a director of Detwiler, Mitchell & Co. (a securities firm)	2010	1984
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Name	Age	Principal Occupation and, if Applicable, Present Position with the Company	Year Term Will Expire	Year First Appointed as Director
<u>Present Directors Elected to Serve as Directors until the Annual Meeting in 2011 (CLASS II)</u>				
Steven Roth	67	Chief Executive Officer of the Company since March 1995; Chairman of the Board of Directors of the Company since May 2004; Chairman of the Board and Chief Executive Officer of Vornado since 1989 and a trustee of Vornado since 1979; Managing General Partner of Interstate; a director of Toys R Us, Inc. (a retailer)	2011	1989
Neil Underberg	80	Partner in the law firm of Winston & Strawn LLP since September 2000; a member of the law firm of Whitman Breed Abbott & Morgan from December 1987 to September 2000	2011	1980
Russell B. Wight, Jr.	69	A general partner of Interstate since 1968; a trustee of Vornado since 1979	2011	1995

We are not aware of any family relationships among any directors or executive officers of the Company or persons nominated or chosen by the Company to become directors or executive officers.

For information about other relationships among directors or our executive officers, please see Certain Relationships and Related Transactions below.

Corporate Governance

Our Shares are listed for trading with The New York Stock Exchange, Inc. (the NYSE) and we are subject to the NYSE's Corporate Governance Rules. However, because more than 51% of our Shares are owned by a group consisting of Interstate and Vornado, the Company is a controlled company and therefore, is exempt from some of the NYSE Corporate Governance Rules. In the Company's case, this means, among other things, that we are not required to have a nominating committee or a fully independent compensation committee, nor, even though our Board meets this requirement, are we required to have a majority of directors be independent under the NYSE rules.

The Board has determined that Messrs. DiBenedetto, Mandelbaum, Sonnenblick, Underberg, Wight and Dr. West are independent for the purposes of the NYSE Corporate Governance Rules. Accordingly, six out of our eight existing and proposed directors are independent. The Board reached this conclusion after considering all applicable relationships between or among such directors and the Company or management of the Company. These relationships are described in the section of this Proxy Statement entitled Certain Relationships and Related Transactions. The Board further determined that such directors meet all of the bright-line requirements of the NYSE Corporate Governance Rules as well as the categorical standards adopted by the Board in our Corporate Governance Guidelines.

As part of its commitment to good corporate governance, the Board of Directors has adopted the following committee charters and policies:

Audit Committee Charter

Compensation Committee Charter

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Corporate Governance Guidelines (Attached as Annex A)

Code of Business Conduct and Ethics

We have made available on our website (www.alx-inc.com) copies of these charters, guidelines and policies. We will post any future changes to these charters, guidelines or policies to our website and may not otherwise publicly file such changes. Our regular filings with the SEC and our directors' and executive officers' filings under Section 16(a) of the Securities Exchange Act of 1934, as amended, are also available on our website. In addition, copies of these charters, guidelines and policies are available free of charge from the Company.

The Code of Business Conduct and Ethics applies to all of our directors, executives and other employees.

Committees of the Board of Directors

The Board has an Executive Committee, an Audit Committee and a Compensation Committee. The Board does not have a Nominating Committee.

The Board held five meetings during 2008. Each director attended all of the meetings of the Board and all committees on which he served during 2008 with the exception of Mr. Russell B. Wight, Jr., who did not attend two of the Board meetings.

In addition to full meetings of the Board, non-management, independent directors met five times in sessions without members of management present. During these meetings, the independent directors selected their own presiding member.

Executive Committee

The Executive Committee possesses and may exercise all the authority and powers of the Board in the management of the business and affairs of the Company, except those reserved to the Board by the Delaware General Corporation Law. The Executive Committee consists of four members, Messrs. Roth, Fascitelli, Wight and Dr. West. Mr. Roth is the Chairman of the Executive Committee. The Executive Committee did not meet in 2008.

Audit Committee

The Audit Committee, which held four meetings during 2008, consists of three members, Messrs. DiBenedetto, Sonnenblick and Dr. West. The Board has determined that these three directors are independent for the purposes of the NYSE Corporate Governance Rules, that they meet the additional requirements of independence for serving on the Audit Committee in accordance with the rules and regulations promulgated by the SEC and that they meet the financial literacy standards of the NYSE. Dr. West is the Chairman of the Audit Committee.

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 Dr. West is qualified to serve as an audit committee financial expert, as defined by SEC Regulation S-K, and thus has at least one such individual serving on its Audit Committee. The Board reached this conclusion based on his relevant experience, as described above under Proposal 1: Election of Directors.

The Audit Committee's purposes are to: (i) assist the Board in its oversight of (a) the integrity of the Company's financial statements, (b) the Company's 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 the Company's 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 proper audit of our annual financial statements prior to the filing of each Annual Report on Form 10-K, reviews of our quarterly financial statements prior to the filing of each Quarterly Report on Form 10-Q, annually auditing the effectiveness of our internal control over financial reporting, and other procedures. The Board has adopted a written Audit Committee Charter.

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.alx-inc.com). This means of contact should not be used for solicitations or communications with us of a general nature.

Compensation Committee

The Compensation Committee is responsible for establishing the terms of the compensation of executive officers. The Committee consists of two independent members, Dr. West, as Chairman, and Mr. DiBenedetto. The Compensation Committee met once in 2008.

From time to time, the Compensation Committee consults with one or more executive compensation experts. Currently, the Compensation Committee has retained Towers Perrin as a compensation consultant to provide assistance in reviewing the overall compensation plan, its objectives and implementation.

Selection of Directors

The Board is responsible for selecting the nominees for election to our Board. The members of the Board may, in their discretion, work or otherwise consult with members of management of the Company in selecting nominees. The Board evaluates nominees, including stockholder nominees (see Advance Notice for Stockholder Nominations and Stockholder Proposals), by considering the following criteria among others:

Personal qualities and characteristics, accomplishments and reputation in the business community;

Current knowledge and contacts in the communities in which we do business and in our industry or other industries relevant to our business;

Ability and willingness to commit adequate time to Board and committee matters;

The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to our needs; and

Diversity of viewpoints, experience and other demographics.

The Board selects and evaluates candidates for the Board in accordance with the criteria set out in the Company's Corporate Governance Guidelines.

Attendance at Annual Meetings of Stockholders

All of our directors were present at the 2008 Annual Meeting of Stockholders. We do not have a policy with regard to directors' attendance at Annual Meetings of Stockholders.

Persons wishing to contact the independent members of the Board should call (866) 233-4238. A recording of each phone call will be forwarded to one independent member of the Board who sits on the Audit Committee as well as to two members of management who may respond to any such call if a return number is provided. 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.alx-inc.com).

PRINCIPAL SECURITY HOLDERS

The following table sets forth the number of Shares as of March 13, 2009, beneficially owned by (i) each person who holds more than a 5% interest in the Company, (ii) directors of the Company, (iii) named executive officers of the Company and (iv) the directors and executive officers of the Company as a group.

Name of Beneficial Owner	Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of All Shares (1)(2)
Named Executive Officers and Directors			
Steven Roth(3)	(4)	1,364,268	26.72%
Michael D. Fascitelli(5)	(4)		
Russell B. Wight, Jr.(3)(6)	(4)	1,370,768	26.85%
David Mandelbaum(3)	(4)	1,362,305	26.68%
Joseph Macnow(7)	(4)	4,586	*
Thomas R. DiBenedetto(8)	(4)	2,000	*
Neil Underberg	(4)	982	*
Dr. Richard R. West	(4)	200	*
Arthur I. Sonnenblick	(4)		
All executive officers and directors as a group (10 persons)	(4)	1,395,973	27.34%
Other Beneficial Owners			
Vornado Realty Trust(9)	(4)	1,654,068	32.40%
Interstate Properties(3)(9)	(4)	1,354,568	26.53%
Franklin Mutual Advisers, LLC(10)	51 John F. Kennedy Parkway Short Hills, NJ 07078	557,576	10.92%
Ronald Baron, Baron Capital Group, Inc., BAMCO, Inc., Baron Capital Management, Inc.(11)	767 Fifth Avenue New York, NY 10153	439,597	8.61%

* Less than 1%.

(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. Numbers and percentages in the table are based on 5,105,936 Shares outstanding as of March 13, 2009.

(2) 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, are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the ownership percentage of any other person. As of the record date, there were no options (or stock appreciation rights) outstanding.

(3)

Interstate, a partnership of which Messrs. Roth, Wight and Mandelbaum are the general partners, owns 1,354,568 Shares. These Shares are included in the number of Shares and the percentage of all Shares of Interstate, Messrs. Roth, Wight and Mandelbaum. These gentlemen share investment power and voting power with respect to these Shares.

- (4) The address of such person(s) is c/o Alexander s, Inc., 210 Route 4 East, Paramus, New Jersey, 07652.
- (5) Does not include 36 Shares held by Mr. Fascitelli s children.
- (6) Includes 6,200 Shares owned by the Wight Foundation, over which Mr. Wight holds sole voting power and sole investment power. Does not include 2,000 Shares owned by Mr. Wight s children or 500 Shares owned by Mr. Wight s spouse. Mr. Wight disclaims any beneficial interest in these Shares.
- (7) Includes 4,346 shares which are pledged as security for loans from third parties.
- (8) Includes 2,000 Shares held by the T.R. DiBenedetto Foundations, over which Mr. DiBenedetto holds sole voting and investment power but as to which Mr. DiBenedetto disclaims beneficial ownership.
- (9) Interstate owns approximately 4% of the common shares of beneficial interest of Vornado. Interstate and its three general partners (Messrs. Roth, Mandelbaum and Wight, who are all directors of the Company and trustees of Vornado) own, in the aggregate, approximately 10% of the common shares of beneficial interest of Vornado. Interstate, its three general partners and Vornado own, in the aggregate, approximately 59% of the outstanding Shares of the Company. See Certain Relationships and Related Transactions.
- (10) Based on Amendment No. 8 to a Schedule 13G filed on January 15, 2009, Franklin Mutual Advisers, LLC has the sole power to vote or to direct the vote of, and the sole power to dispose or to direct the disposition of, 557,576 Shares.
- (11) Based on Amendment No. 7 to a Schedule 13G filed on February 12, 2009, Ronald Baron owns 439,597 Shares in his capacity as a controlling person of Baron Capital Group, Inc., BAMCO, Inc. and Baron Capital Management, Inc. and Baron Asset Fund. Mr. Baron disclaims beneficial ownership of these Shares to the extent such Shares are held by persons other than Baron Capital Group, Inc. (437,477 Shares). His ownership includes 7,120 Shares that he owns personally. Mr. Baron has the sole power to vote or direct the vote of, and to dispose or direct the disposition of, 7,120 Shares and shared power to vote or direct the vote of 407,807 Shares, and to dispose or direct the disposition of, 432,477 Shares. Mr. Baron is the Chairman and Chief Executive Officer of Baron Capital Group, Inc., BAMCO, Inc. and Baron Capital Management, Inc. and President and CEO of Baron Asset Fund.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC reports of ownership of, and transactions in, our equity securities. Such directors, executive officers and 10% stockholders 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 the only filing deficiencies under Section 16(a) by our directors, executive officers and 10% stockholders during 2008 are as follows: three late filings by Russell B. Wight, Jr., a Director, with regard to three transactions.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee is responsible for decisions concerning the performance and compensation of our executive officers and administering our equity-based plans.

Overview of Compensation Philosophy and Program

We are managed by, and our properties are leased and developed by, Vornado, pursuant to agreements which expire in March of each year, and are automatically renewable. We do not pay cash compensation to any of Vornado's employees for services rendered. In lieu of cash compensation and to align their interests with those of our stockholders, our Board determined to compensate Vornado officers for their services as our officers only with equity-based compensation. As of the date of this Proxy Statement, there are no equity-based awards outstanding under our Omnibus Stock Plan.

Cash Compensation

None of our current executive officers receives a salary or bonus.

Equity Compensation

In 1996 and again (upon the expiration of the original plan) in 2006, we adopted an Omnibus Stock Plan (the Plan), in each case with the approval of our stockholders. Under the Plan, the Compensation Committee has the authority to grant to members of our management or Board options, restricted shares or units, stock appreciation rights (SARs) and other equity-based compensation. Initially, Mr. Fascitelli received options to purchase 350,000 shares of stock options (at an exercise price of \$73.88 per share) in 1996. Additional grants of options were made to Messrs. Roth, Fascitelli and Macnow in 1999 at an exercise price of \$70.375 per share in the amounts of 350,000, 150,000 and 35,000, respectively. In 2000, the options held by Messrs. Roth and Fascitelli were converted into SARs having the same strike price, in order to not violate share ownership limitations designed to preserve our REIT status that are contained in our organizational documents.

On December 29, 2005, Mr. Fascitelli exercised 350,000 of his existing SARs which were scheduled to expire in December 2006, and received \$173.82 for each SAR exercised, representing the difference between our stock price of \$247.70 (the average of the high and low market price) on the date of exercise and the exercise price of \$73.88. This exercise was consistent with our tax planning. On January 10, 2006, the Committee granted Mr. Fascitelli SARs covering 350,000 shares of our common stock. The exercise price of the SARs was \$243.83 per share of common stock, which was the average of the high and low trading price of our common stock on the date of grant. The SARs became exercisable on July 10, 2006. Mr. Fascitelli's early exercise of his previous SARs and the related tax consequences for us were factors in our decision to make the new grant to him. The SARs granted on January 10, 2006 were scheduled to expire on March 14, 2007 and were exercised by Mr. Fascitelli on March 13, 2007.

As all remaining equity awards were scheduled to expire on March 4, 2009, each of Messrs. Roth, Fascitelli and Macnow (as well as each director) exercised all of their remaining SARs and options in 2008 and early 2009. As of today's date, there are no outstanding awards under the Plan.

All grants of equity-based compensation have been made on the date of approval by our Compensation Committee at the average of the high and low price of the Company's common stock on the New York Stock Exchange on that date. The Company accounts for stock-based compensation in

accordance with Statement of Financial Accounting Standards 123R, *Share-Based Payment* (SFAS 123R).

Role of Compensation Consultants

From time to time, we and the Compensation Committee also consult with one or more executive compensation experts, and consider the compensation levels of other companies in our industry and other industries that compete for the same talent.

Employment Agreements, Change of Control and Severance Arrangements

There are no employment contracts or severance or change of control arrangements with any of our officers. In addition, as all equity-based compensation awarded was fully vested throughout 2008, there would have been no acceleration of vesting on any change of control.

Stock Ownership Guidelines

As our senior executives generally have significant personal stakes in our equity, we have not established any policy regarding security ownership by management. In accordance with Federal securities law, we prohibit short sales by our officers of our equity securities.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code, as amended (Section 162(m)) provides that, in general, publicly traded companies may not deduct, in any taxable year, compensation in excess of \$1,000,000 paid to such companies' chief executive officer and other most highly-compensated executive officers as of the end of any fiscal year which is not performance based, as defined in Section 162(m). We and the Compensation Committee believe that it is in the best interests of the Company and its stockholders to comply with the limitations of Section 162(m) to the extent practicable and consistent with retaining, attracting and motivating the Company's executive officers. However, to maintain flexibility in compensating executive officers in a manner designed to promote the goals of the Company and its stockholders, we have not adopted a policy that all executive compensation must be deductible. The limitations of Section 162(m) do not apply to the compensation we currently pay.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Company has reviewed and discussed the Compensation Committee Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Proxy Statement.

The Compensation Committee of the Board of Directors:

DR. RICHARD R. WEST
THOMAS R. DIBENEDETTO

EXECUTIVE COMPENSATION

Except as described below with regard to the exercise of stock appreciation rights, the Company's Chief Executive Officer, President and Chief Financial Officer (such persons being all of the Company's executive officers) have not received compensation from, or on behalf of, the Company for services rendered as part of their duties as executives in 2008, 2007 and 2006. As of the date of this Proxy Statement, we have three executive officers: (1) Steven Roth, Chief Executive Officer; (2) Michael D. Fascitelli, President; and (3) Joseph Macnow, Executive Vice President and Chief Financial Officer.

The following table sets forth the compensation earned by the Company's Principal Executive Officer, President and Principal Financial Officer for 2008, 2007 and 2006 (the "Covered Executives").

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	SAR Awards (\$)(1)	All Other Compensation(\$)(2)	Total (\$)
Steven Roth	2008		(6,551,591)	32,500	(6,519,091)
Chairman and Chief Executive Officer	2007		(23,240,000)	32,000	(23,208,000)
(Principal Executive Officer)	2006		60,952,000	31,500	60,983,500